



DC Water and Sewer Authority
Board of Directors
Finance and Budget Committee

Tuesday, December 19, 2017

11:00 a.m.

1. **Call to Order**.....Timothy L. Firestine, Chairperson
2. **November 2017 Financial Report (Attachment 1)** Matthew T. Brown
3. **Rating Agency Criteria and Peer Comparison (Attachment 2)**..... Matthew T. Brown
4. **Agenda for January Committee Meeting (Attachment 3)**..... Timothy L. Firestine
5. **Executive Session**
6. **Adjournment**

* The DC Water Board of Directors may go into executive session at this meeting pursuant to the District of Columbia Open Meetings Act of 2010, if such action is approved by a majority vote of the Board members who constitute a quorum to discuss: matters prohibited from public disclosure pursuant to a court order or law under D.C. Official Code § 2-575(b)(1); contract negotiations under D.C. Official Code § 2-575(b)(1); legal, confidential or privileged matters under D.C. Official Code § 2-575(b)(4); collective bargaining negotiations under D.C. Official Code § 2-575(b)(5); facility security under D.C. Official Code § 2-575(b)(8); disciplinary matters under D.C. Official Code § 2-575(b)(9); personnel matters under D.C. Official Code § 2-575(b)(10); proprietary matters under D.C. Official Code § 2-575(b)(11); decision in an adjudication action under D.C. Official Code § 2-575(b)(13); civil or criminal matters where disclosure to the public may harm the investigation under D.C. Official Code § 2-575(b)(14), and other matters provided in the Act.



Fiscal Year 2018

Monthly Financial Report

Period Ending November 30, 2017

DEPARTMENT OF FINANCE, ACCOUNTING & BUDGET

Matthew T. Brown, Chief Financial Officer

Robert Hunt, Director, Finance

Syed Khalil, Director, Rates & Revenue

John Madrid, Controller

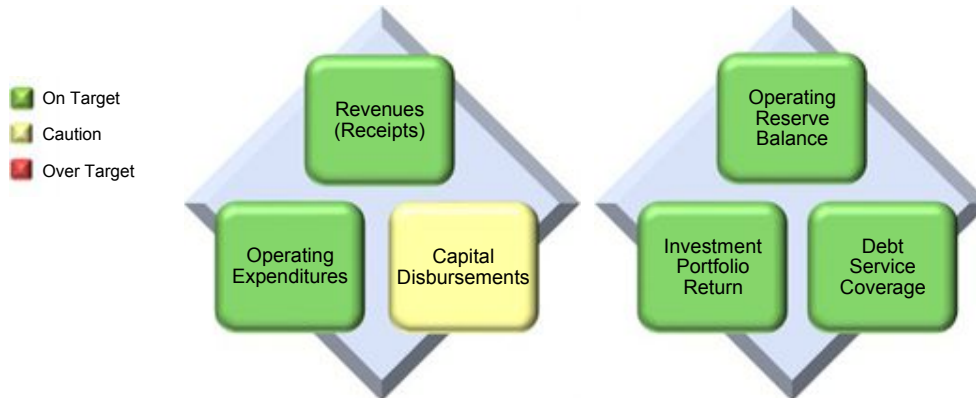
Lola Oyeyemi, Director, Budget

Monthly Financial Report

NOVEMBER 2017

EXECUTIVE SUMMARY

The table below summarizes the first two months of FY 2018 with approximately 16.7 percent of the fiscal year completed. At this early stage in the fiscal year, we are on track with budgetary expectations and targeted performance metrics.



(\$ in millions)

	Budget	YTD Budget	Actual	Variance Favorable (Unfavorable)		Actual % Budget
Revenues (Receipts)*	\$617.2	\$102.9	\$123.8	\$21.0	20.4%	20.1%
Expenditures	\$561.9	\$93.7	\$79.6	\$14.1	15.0%	14.2%
Capital Disbursements*	\$387.3	\$64.6	\$109.2	(\$44.6)	(69.1%)	28.2%

** Board approved budgets are subject to revision as part of the FY 2019 budget process*

Highlights:

- Proposed FY 2019 Budget Proposals (Operating and 10-year CIP)
 - Budget Workshop anticipated immediately following the Board meeting on January 4, 2018
 - Wholesale Customer Briefing scheduled for January 5, 2018
- Rescheduled presentation on DC Water’s financial performance at the DC Institutional Investor Conference on January 18 and 19, 2018 at the Walter E. Washington Convention Center
- FY 2017 year-end audits are currently underway and being conducted in accordance with auditing standards generally accepted in the United States. Anticipated completion:
 - Financial Statements Audit – December 20, 2017
 - A133 Audit – January 2018
 - Comprehensive Annual Financial Report – January 2018

Matthew T. Brown, Chief Financial Officer

Monthly Financial Report

Fiscal Year-to-Date
As of November 30, 2017

Operating Revenues (\$000's)

Category	A	B	C	D = C/A	E = C-B	F = E/B
	FY 2018 BUDGET	YTD BUDGET*	ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)
Res. / Comm. / Multi.	\$353,039	58,840	\$64,267	18.2%	\$5,427	9.2%
Federal	58,494	9,749	15,207	26.0%	5,458	56.0%
Municipal (DC Govt.)	19,066	3,178	5,335	28.0%	2,158	67.9%
DC Housing Authority	8,825	1,471	1,638	18.6%	167	11.4%
Metering Fee	10,776	1,796	2,035	18.9%	239	13.3%
Water System Replacement Fee (WSRF)	39,717	6,620	7,231	18.2%	611	9.2%
Wholesale	76,028	12,671	18,494	24.3%	5,823	46.0%
PILOT/ROW	21,511	3,585	4,011	18.6%	426	11.9%
All Other	29,703	4,951	5,597	18.8%	646	13.1%
TOTAL	\$617,159	\$102,860	\$123,816	20.1%	\$20,956	20.4%

*Straight-lined (2/12 of approved budget)

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

At this early stage of FY 2018, cash receipts are within budget. At the end of November 2017, cash receipts totaled \$123.8 million, or 20.1 percent of the approved FY 2018 budget. Several categories of customers make payments on a quarterly basis, including the Federal Government (who made their first quarterly payment in October), and wholesale customers (who made their first quarterly payment in November).

Residential, Commercial and Multi-Family – Receipts for this category are slightly higher at \$64.3 million or 18.2 percent of the approved budget. The higher receipts are on account of slightly higher consumption as compared to budget.

District Government – Receipts are slightly higher at \$5.3 million, or 28.0 percent of the approved budget. The DC Housing Authority did not pay the August billed amount of approximately \$2.0 million as anticipated in September. The overdue amount was received in October 2017 (FY 2018), which resulted in higher receipts compared to the approved budget.

DC Housing – Receipts are slightly higher at \$1.6 million or 18.6 percent of the approved budget.

Monthly Financial Report

Fiscal Year-to-Date
As of November 30, 2017

Operating Expenditures (\$000's)

Category	A	B	C	D = C/A	E = B-C	F = E/B
	FY 2018 BUDGET	YTD BUDGET*	ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)
Personnel	\$149,193	\$24,866	\$25,637	17.2%	(\$771)	(3.1%)
Contractual Services	79,353	13,226	9,197	11.6%	4,028	30.5%
Water Purchases	30,156	5,026	4,399	14.6%	628	12.5%
Supplies & Chemicals	30,659	5,110	4,196	13.7%	914	17.9%
Utilities	29,399	4,900	4,012	13.6%	887	18.1%
Small Equipment	1,071	179	29	2.8%	149	83.5%
SUBTOTAL O&M	\$319,831	\$53,305	\$47,471	14.8%	\$5,835	10.9%
Debt Service	185,480	30,913	28,504	15.4%	2,409	7.8%
PILOT/ROW	21,376	3,563	3,563	16.7%	(0)	(0.0%)
Cash Financed Capital Improvements	35,260	5,877	0	0.0%	5,877	100.0%
TOTAL OPERATING	\$561,947	\$93,658	\$79,538	14.2%	\$14,120	15.1%
Capital Labor	(21,061)	(3,510)	(2,919)	13.9%	(591)	16.8%
TOTAL NET OPERATING	\$540,886	\$90,148	\$76,619	14.2%	\$13,529	15.0%

*Straight-lined (2/12 of approved budget)

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

Total Operating expenditures for this period are in line with expectations. For this period, operating expenditures (including debt services and the right of way and PILOT fees) totaled \$79.5 million or 14.2 percent of the FY 2018 Board-approved budget of \$561.9 million.

These numbers include estimated incurred but unpaid invoices and are subject to revision in subsequent months. The FY 2017 close-out process continues, which entails finalizing a number of GAAP-related accruals.

Personnel Services – Increase is due to impact of retroactive salary adjustments consistent with Board-ratified union labor contracts. Of the 1260 positions authorized, 1147 were filled at the end of November with year-to-date vacancy rate of 10 percent.

Contractual Services – Underspending is attributable to lag in various operational contracts throughout the Authority. These expenditures are expected to increase as we progress through the fiscal year.

Debt Service – YTD actuals are in line with budget and debt service payment schedule.

Capital Labor – YTD spending is consistent with historical trend. (FY 2017 Projection - \$17.2 million)

Monthly Financial Report

Fiscal Year-to-Date
As of November 30, 2017

Capital Disbursements (\$000's)

Service Area	A	B	C	D = C/A	E = B-C	F = E/B
	FY 2018 BUDGET	YTD BUDGET*	ACTUAL	ACTUAL % BUDGET	VARIANCE \$ Fav/(Unfav)	VARIANCE % Fav/(Unfav)
Non Process Area	\$20,030	\$3,338	\$4,391	21.9%	(1,053)	(31.5%)
Wastewater Treatment	98,423	16,404	25,714	26.1%	(9,310)	(56.8%)
Combined Sewer Overflow	130,475	21,746	47,411	36.3%	(25,665)	(118.0%)
Stormwater	2,682	447	102	3.8%	345	77.1%
Sanitary Sewer	39,294	6,549	9,410	23.9%	(2,861)	(43.7%)
Water	51,738	8,623	10,274	19.9%	(1,651)	(19.1%)
SUBTOTAL: CAPITAL PROJECTS	\$342,642	\$57,107	\$97,302	28.4%	(\$40,195)	(70.4%)
Capital Equipment	32,897	5,483	11,874	36.1%	(6,391)	(116.6%)
Washington Aqueduct	11,768	1,961	0	0.0%	1,961	100.0%
SUBTOTAL: ADD'L CAPITAL PROGRAMS	\$44,665	\$7,444	11,874	26.6%	(\$4,430)	(59.5%)
TOTAL	\$387,307	\$64,551	\$109,176	28.2%	(\$44,625)	(69.1%)

*Straight-lined (2/12 of approved budget)

VARIANCE ANALYSIS FOR MAJOR REPORTED ITEMS

Total capital disbursements for this period are \$109.2 million or 28.2 percent of the FY 2018 Board-approved budget which is subject to revision.

Capital Projects – Higher disbursements in the Wastewater Treatment and D.C. Clean Rivers Project service areas are consistent with the March 28, 2018 Consent Decree deadline for the Tunnel Dewatering Pump Station. The detailed project performance and cost drivers will be reviewed by the Department of Engineering & Technical Services as part of the budget process anticipated for Board review in January 2018.

Capital Equipment – Higher disbursements are mainly for the bulk purchases of meters during the latter part of FY 2017 in line with the accelerated Automated Meter Reading (AMR) Replacement Program.

Monthly Financial Report

Fiscal Year-to-Date
As of November 30, 2017

Cash Investments (\$ in millions)

Cash Balances

Rate Stabilization Fund Account (RSF)	\$61.5
DC Insurance Reserve	1.0
Operating Reserve Accounts	143.8
Operating Cash Balance Including RSF	\$206.3
Debt Service Reserve - Series 1998	23.4
Bond Fund- Construction Fund 2015A	1.0
Bond Fund- Construction Fund 2016B	24.7
Bond Fund- Construction Fund 2017A	18.3
Bond Fund- Construction Fund 2017B	69.6
Total All Funds	\$343.3

OVERALL PORTFOLIO PERFORMANCE

- The operating reserve balance was \$143.8 million as compared to the operating reserve level objective of \$125.5 million for FY 2018
- Average cash balance for the month of November was \$150.5 million
- Total investment portfolio was in compliance with the Authority's Investment Policy
- Operating funds interest income for November (on a cash basis) was \$142,591; YTD \$273,652
- A detailed investment performance report is attached

Monthly Financial Report

Fiscal Year-to-Date As of November 30, 2017

Cash Flow Summary (\$000's)

	Annual Budget Cash Basis	YTD 17% Cash Budget	YTD Actual Cash Oct. 1, 2017 - Nov. 30, 2017	Variance Favorable (Unfavorable)	
OPERATING BUDGET					
Cash Provided					
Retail	\$489,917	\$81,653	\$95,714	\$14,061	17%
Wholesale	76,028	\$12,671	18,494	\$5,823	46%
Other	50,762	\$8,460	9,502	1,041	12%
Total Cash Provided	616,707	102,785	123,710	20,925	20%
Operating Cash Used					
Personnel Services	128,132	21,355	23,752	(2,397)	-11%
Contractual Services	79,353	13,226	13,123	102	1%
Chemicals & Supplies	30,659	5,110	5,967	(857)	-17%
Utilities	29,399	4,900	3,710	1,190	24%
Water Purchases	30,156	5,026	4,802	224	4%
Small Equipment	1,071	179	80	98	55%
Total Operating Cash Used	298,770	49,795	51,434	(1,639)	-3%
Defeasance D.S./Cash Financed Capital Construction	35,260	5,877	0	5,877	100%
Other Cash Used					
Debt Service	185,480	30,913	28,504	2,410	8%
Payment In Lieu of Taxes/Right of Way	21,376	3,563	5,344	(1,781)	-50%
Total Other Cash Used	206,856	34,476	33,848	628	2%
Total Cash Used	540,886	90,148	85,282	4,866	5%
Net Cash Provided (Used) by Operating Act.	75,821	12,637	38,428	25,791	
CAPITAL BUDGET					
Cash Provided					
Debt Proceeds	119,827	19,971	57,621	37,650	189%
EPA Grants	23,092	3,849	5,139	1,290	34%
System Availability Fee	1,925	321	0	(321)	-100%
Transfer from Operations	93,589	15,598	0	(15,598)	-100%
Interest Income	1,365	228	372	145	64%
Wholesale Capital Contributions	80,043	13,341	6,353	(6,988)	-52%
Total Cash Provided	319,841	53,307	69,484	16,178	30%
Cash Used					
DC Water Capital Program	375,539	62,590	109,176	(46,586)	-74%
Washington Aqueduct Projects	11,768	1,961	0	1,961	100%
Total Cash Used	387,307	64,551	109,176	(44,625)	-69%
Net Cash/PAYGO Provided (Used) by Cap. Act.	(\$67,466)	(\$11,244)	(\$39,692)	(\$28,447)	
Beginning Balance, October 1 (Net of Rate Stab. Fund) Projected					
Plus (Less) Operating Surplus	\$147,212		\$147,212		
Wholesale Customer Refunds from Prior Years	75,821	12,637	38,428		
Interest Earned From Bond Reserve	(7,000)	(1,167)	0		
Prior Year Federal Billing Reconciliation	451	75	106		
Cash Used for Capital	(9,019)	(1,503)	(2,255)		
Balance Attributable to O&M Reserve	(67,466)	(11,244)	(39,692)		
	\$140,000		\$143,800		
OTHER CASH RESERVES					
	Current				
	Balance				
Rate Stabilization Fund	\$61,450				
DC Insurance Reserve	1,052				

Monthly Financial Report

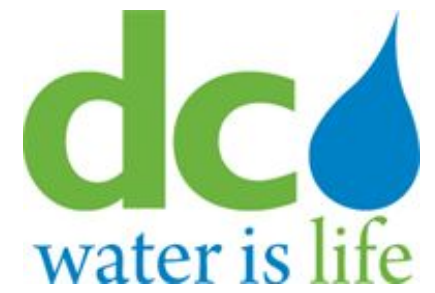
APPENDIX

Investment Report 9



DC Water

Investment Performance Report – November 2017



**DC Water
Finance Division
Economic Update**

ECONOMIC COMMENTARY

- The Federal Open Market Committee’s (“FOMC’s”) preferred gauge of inflation, the core personal consumption expenditures (“PCE”) price index, has continued to undershoot the 2% long-run objective, ticking up from 1.3% to 1.4% year-over-year through the month of November as price pressures remain elusive. As of November 30, 2017, the probability implied by market participants suggested a 98% likelihood that a third rate hike in 2017 will occur at the FOMC’s December meeting.
- U.S. Treasury yields moved higher during the month of November on statements from FOMC members signaling a rate hike in December. The yield on the 3-month Treasury bill increased by 0.13% from 1.13% to 1.26% while the 2-year Treasury note’s yield increased by 0.18% from 1.60% to 1.78%.
- The United States labor market added 228,000 jobs in November, above the 195,000 expectation. The unemployment rate remained at 4.1%, continuing the low unemployment rate trend.

PORTFOLIO RECAP

- The portfolio is diversified among Bank Deposits, U.S. Treasuries, Federal Agencies, Supranational Bonds, Commercial Paper, Negotiable CDs, Corporate Notes/Bonds, Municipal Bonds, FDIC Insured CDs, and SEC registered money market funds.
- The overall yield-to-maturity on cost of the portfolio is 1.12%.

Operating Reserve

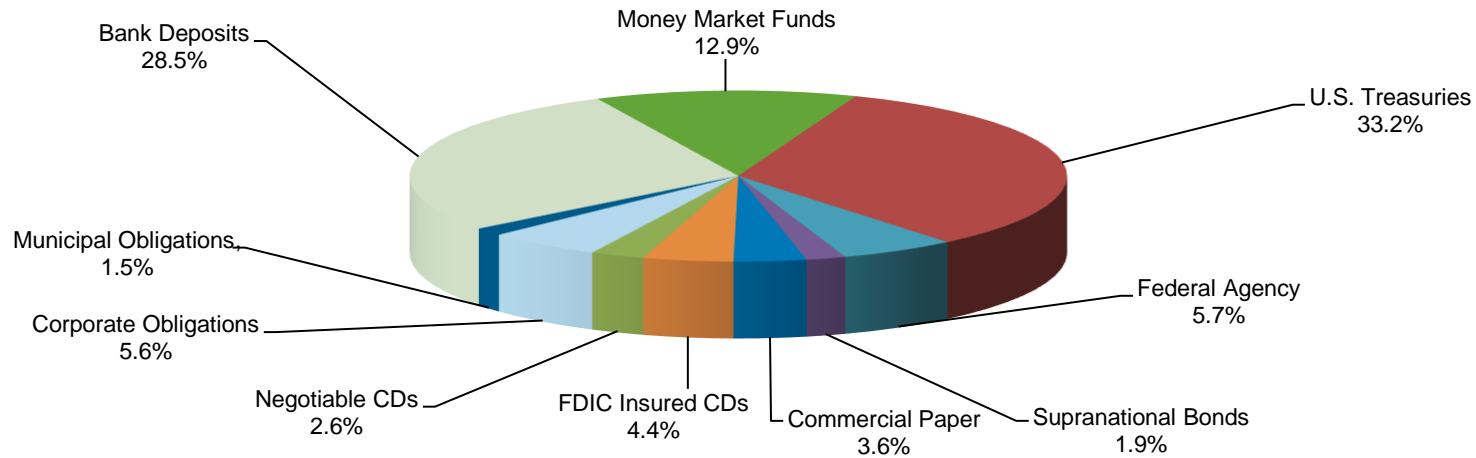
- PFM purchased \$3 million of 3-year US Treasury Notes at a yield of 1.77%, \$195,000 of 3-year corporate notes at a yield of 1.99% and \$925,000 of 3-year CDs at a yield of 2.30%.
- The Authority purchased \$5.09 million of 1-year CDs through CDARS.

2017B Construction Fund

- PFM sold \$19.25 million of 9-month US Treasuries as well as \$8.65 million of 1- to 5-month commercial paper.



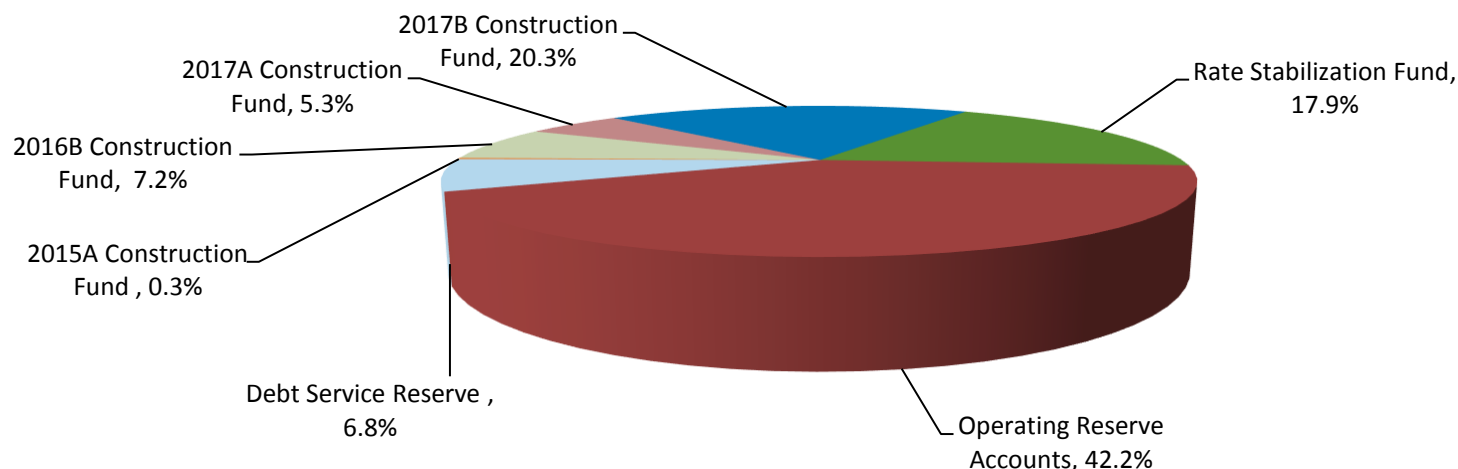
**DC Water
Finance Division
Investments - By Security Type
As of November 30, 2017**



Security Type	Book Value + Accrued Interest	Asset Allocation	Permitted By Policy
Bank Deposits	98,027,888	28.5%	100.0%
Money Market Funds	44,350,631	12.9%	100.0%
U.S. Treasuries	114,276,706	33.2%	100.0%
Federal Agency	19,535,516	5.7%	80.0%
Supranational Bonds	6,681,087	1.9%	30.0%
Commercial Paper	12,255,433	3.6%	35.0%
FDIC Insured CDs	15,239,380	4.4%	30.0%
Negotiable CDs	9,105,387	2.6%	30.0%
Corporate Obligations	19,382,918	5.6%	30.0%
Municipal Obligations	5,149,390	1.5%	20.0%
Total	\$ 344,004,335	100.0%	



**DC Water
Finance Division
Investment Analysis – By Fund
As of November 30, 2017**

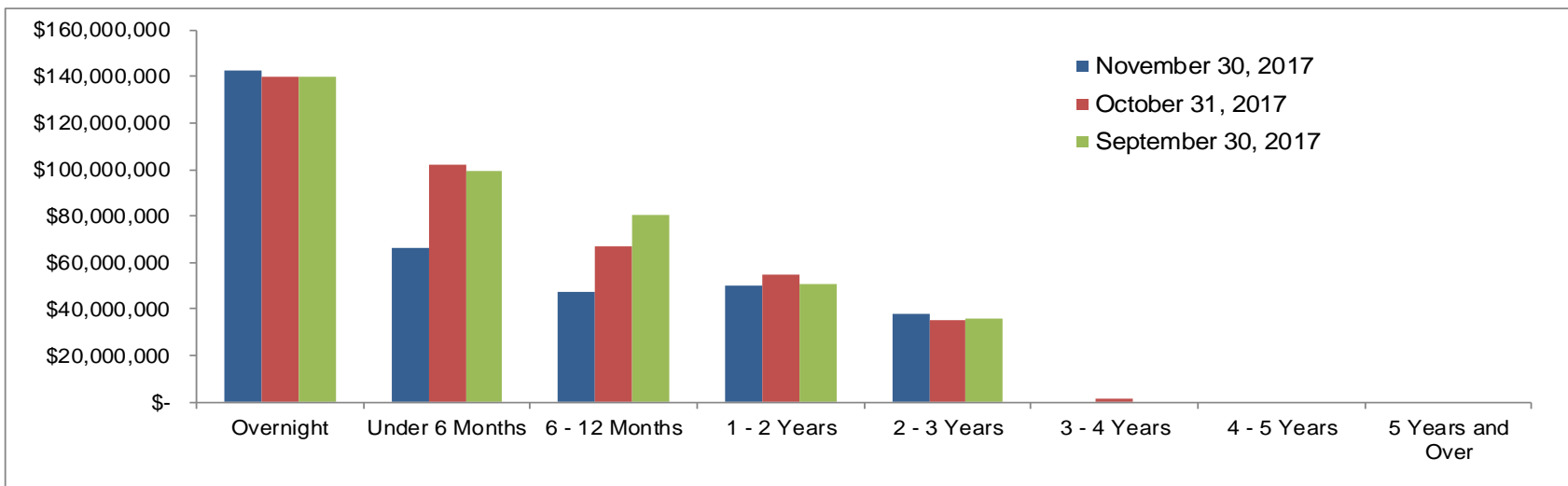


Fund Name	Book Value + Accrued Interest	Yield-to- Maturity at Cost	Effective Duration (years)	Weighted Average Maturity (days)
Rate Stabilization Fund	\$ 61,450,000	1.00%	0.00	1.0
Operating Reserve Accounts	\$ 145,099,849	1.23%	1.20	449.7
CSO LTCP Appropriations Account	\$ 2,735	1.07%	0.00	1.0
Debt Service Reserve	\$ 23,459,642	1.08%	0.79	290.7
2015A Construction Fund	\$ 1,044,095	0.94%	0.00	1.0
2015B Construction Fund	\$ 31,462	0.94%	0.00	1.0
2016B Construction Fund	\$ 24,705,969	0.94%	0.00	1.0
2017A Construction Fund	\$ 18,316,631	0.94%	0.00	1.0
2017B Construction Fund	\$ 69,893,952	1.11%	0.36	133.1
Total	\$ 344,004,335	1.12%	0.63	236.8



**DC Water
Finance Division
Investment Analysis – By Maturity**

Maturity Distribution	November 30, 2017	October 31, 2017	September 30, 2017
Overnight	\$ 142,378,518.40	\$ 139,825,195.49	\$139,825,195.49
Under 6 Months	66,591,127.60	101,841,618.03	99,122,232.29
6 - 12 Months	47,122,333.50	67,159,191.08	80,546,150.92
1 - 2 Years	49,705,838.61	54,956,709.72	50,802,168.29
2 - 3 Years	38,206,517.25	35,090,413.68	35,757,480.86
3 - 4 Years	-	1,322,931.41	389,736.84
4 - 5 Years	-	-	-
5 Years and Over	-	-	-
Totals	\$ 344,004,335.36	\$ 400,196,059.41	\$ 457,941,863.23





**DC Water
Finance Division
Investments – Issuer Allocation**

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
Bank Deposits					
TD Bank		98,027,887.53	28.5%	100.0%	Yes
Sub-Total Bank Deposits		98,027,887.53	28.5%	100.0%	Yes
Money Market Mutual Funds					
Wells Fargo Treasury Plus MMF	AAA	44,196,313.90	12.8%	50.0%	Yes
Wells Fargo Government MMF	AAA	154,316.97	0.0%	50.0%	Yes
Sub-Total Money Market Mutual Funds		44,350,630.87	12.9%	100.0%	Yes
U.S. Treasuries					
Treasury Note	AA+ / Aaa	114,276,705.65	33.2%	100.0%	Yes
Sub-Total Treasuries		114,276,705.65	33.2%	100.0%	Yes
Federal Agencies					
Fannie Mae	AA+ / Aaa	10,956,558.67	3.2%	40.0%	Yes
Federal Home Loan Bank	AA+ / Aaa	4,621,648.31	1.3%	40.0%	Yes
Freddie Mac	AA+ / Aaa	3,957,309.09	1.2%	40.0%	Yes
Sub-Total Federal Agencies		19,535,516.07	5.7%	80.0%	Yes
Supranational Bonds					
African Development Bank	AAA / Aaa	1,738,969.47	0.5%	5.0%	Yes
Asian Development Bank	AAA / Aaa	930,959.21	0.3%	5.0%	Yes
Inter-American Development Bank	AAA / Aaa	2,183,131.75	0.6%	5.0%	Yes
International Bank for Reconstruction and Development	AAA / Aaa	1,828,026.47	0.5%	5.0%	Yes
Sub-Total Supranational Bonds		6,681,086.90	1.9%	30.0%	Yes
Commercial Paper					
Bank of Tokyo Mitsubishi	A-1 / P-1	5,309,033.87	1.5%	5.0%	Yes
JP Morgan Securities LLC	A-1 / P-1	6,946,399.46	2.0%	5.0%	Yes
Sub-Total Commercial Paper		12,255,433.33	3.6%	35.0%	Yes
FDIC Insured Certificates of Deposit					
CDARS - Placed by Industrial Bank	NR / NR	15,239,380.36	4.4%	5.0%	Yes
Sub-Total FDIC-Insured Certificates of Deposit		15,239,380.36	4.4%	30.0%	Yes

CDARS holdings are not managed by PFMAM, and we therefore cannot guarantee the accuracy of holdings information provided.



**DC Water
Finance Division
Investments – Issuer Allocation**

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
Negotiable Certificates of Deposit					
Canadian Imperial Bank NY	A+ / A1	1,799,383.10	0.5%	5.0%	Yes
Nordea Bank Finland NY	AA- / Aa3	1,800,088.00	0.5%	5.0%	Yes
Skandinav Enskilda Banken NY	A+ / Aa3	1,860,648.55	0.5%	5.0%	Yes
Svenska Handelsbanken NY	AA- / Aa2	1,813,608.00	0.5%	5.0%	Yes
Swedbank NY	AA- / Aa3	925,816.57	0.3%	5.0%	Yes
Westpac Banking Corp NY	AA- / Aa3	905,842.50	0.3%	5.0%	Yes
Sub-Total Negotiable Certificates of Deposit		9,105,386.72	2.6%	30.0%	Yes
Corporate Obligations					
Apple Inc.	AA+ / Aa1	1,450,195.92	0.4%	5.0%	Yes
Bank of Montreal	A+ / A1	904,513.10	0.3%	5.0%	Yes
Bank of New York Mellon	A / A1	1,800,693.32	0.5%	5.0%	Yes
Bank of Nova Scotia	A+ / A1	1,814,405.23	0.5%	5.0%	Yes
Berkshire Hathaway Inc	AA / Aa2	130,423.51	0.0%	5.0%	Yes
Cisco Systems Inc.	AA- / A1	362,727.74	0.1%	5.0%	Yes
Chevron	AA- / Aa2	900,585.38	0.3%	5.0%	Yes
Coca-Cola	AA- / Aa3	385,057.85	0.1%	5.0%	Yes
Colgate-Palmolive Company	AA- / Aa3	930,793.72	0.3%	5.0%	Yes
Exxon Mobil	AA+ / Aaa	932,056.78	0.3%	5.0%	Yes
General Electric Capital	AA- / A2	458,114.24	0.1%	5.0%	Yes
Johnson & Johnson	AAA / Aaa	195,017.12	0.1%	5.0%	Yes
Microsoft	AAA / Aaa	1,044,118.98	0.3%	5.0%	Yes
Pfizer Inc.	AA / A1	901,575.07	0.3%	5.0%	Yes
Procter & Gamble	AA- / Aa3	440,623.60	0.1%	5.0%	Yes
Royal Bank of Canada	AA- / A1	904,001.21	0.3%	5.0%	Yes
Toronto Dominion Bank NY	AA- / Aa2	903,868.08	0.3%	5.0%	Yes
Total Capital	A+ / Aa3	916,819.73	0.3%	5.0%	Yes
Toyota Motor Credit Corp	AA- / Aa3	1,530,502.34	0.4%	5.0%	Yes
Wal-Mart Stores Inc.	AA / Aa2	430,848.73	0.1%	5.0%	Yes
Wells Fargo & Company Notes	A / A2	1,116,583.46	0.3%	5.0%	Yes
Westpac Banking	AA- / Aa3	929,393.23	0.3%	5.0%	Yes
Sub-Total Corporate Obligations		19,382,918.34	5.6%	30.0%	Yes



**DC Water
Finance Division
Investments – Issuer Allocation**

	Credit Ratings S&P / Moody's	Book Value		Investment Policy Limit	Compliance with Investment Policy
Municipal Obligations					
Connecticut State	A+ / A1	989,991.34	0.3%	5.0%	Yes
Florida State	AA / Aa3	1,816,222.50	0.5%	5.0%	Yes
New York City	AAA / Aa1	540,882.00	0.2%	5.0%	Yes
Regional Transportation Authority, IL	AA / NR	1,802,293.75	0.5%	5.0%	Yes
Sub-Total Municipal Obligations		5,149,389.59	1.5%	20.0%	Yes
Grand Total		\$ 344,004,335.36	100.0%		



**DC Water
Finance Division
Book Value Performance
As of November 30, 2017**

The portfolio is in compliance with the Authority's Investment Policy

	Trailing 1 Months		Trailing 3 Months		Trailing 6 Months		Trailing 12 Months	Trailing 24 Months
	Periodic	Annualized	Periodic	Annualized	Periodic	Annualized		
Total Rate Stabilization Fund	0.04%	0.52%	0.17%	0.67%	0.29%	0.59%	0.53%	0.58%
Operating Reserve Accounts	0.05%	0.56%	0.24%	0.97%	0.54%	1.07%	1.12%	1.18%
Total Debt Service Reserve	0.09%	1.14%	0.25%	1.01%	0.48%	0.97%	0.87%	0.78%
2016B Construction Fund	0.05%	0.66%	0.45%	1.83%	0.57%	1.15%	0.81%	n/a
2017A Construction Fund	0.08%	1.02%	0.31%	1.26%	0.63%	1.26%	n/a	n/a
2017B Construction Fund	0.07%	0.82%	0.22%	0.88%	0.49%	0.99%	n/a	n/a
Short-Term	0.08%	1.01%	0.25%	1.02%	0.49%	0.99%	0.87%	0.77%
Merrill Lynch 3-Month Treasury Index (Book Value) ¹	0.09%	1.15%	0.26%	1.07%	0.51%	1.02%	0.82%	0.54%
Core (1+ Years)	0.12%	1.47%	0.36%	1.45%	0.70%	1.40%	1.31%	1.24%
Merrill Lynch 1-3 Year Treasury Index (Book Value) ²	0.15%	1.79%	0.40%	1.62%	0.74%	1.49%	1.35%	1.13%

- (1) The Merrill Lynch 3-Month Treasury Bill is an unmanaged index tracking the on-the-run Treasury Bill. The Index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a book value basis.
- (2) The Merrill Lynch 3-Month Treasury Bill is an unmanaged index tracking a basket of U.S. Treasuries with 1 to 3 year maturities. The Index is produced and maintained by Merrill Lynch & Co. Performance for this index is shown on a book value basis.



**DC Water
Finance Division
Portfolio Holdings by Fund**

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
Rate Stabilization Fund										
TD BANK BANK DEPOSIT		\$ 61,450,000		12/1/2017		1.00%	\$ 61,450,000	\$ 61,450,000	\$ 61,450,000	\$ 61,450,000.00
Operating Reserve Accounts										
TD BANK BANK DEPOSIT		\$ 36,575,152		12/1/2017		0.90%	\$ 36,575,152	\$ 36,575,152	\$ 36,575,152	
WELLS FARGO GOVERNMENT MMF		154,317		12/1/2017		0.90%	154,317	154,317	154,317	
INDUSTRIAL BANK CDARS		2,563,284	0.600	1/18/2018	1/21/2016	0.60%	2,563,284	2,591,996	2,591,996	
INDUSTRIAL BANK CDARS		2,562,346	0.450	1/18/2018	1/19/2017	0.45%	2,562,346	2,572,372	2,572,372	
REGIONAL TRANS AUTH, IL TXBL REV BONDS	7599112M1	1,800,000	1.250	5/4/2018	5/20/2016	1.44%	1,793,358	1,801,302	1,802,294	
BANK OF NEW YORK MELLON CORP (CALLABLE)	06406HDB2	1,800,000	1.600	5/22/2018	5/29/2015	1.60%	1,799,838	1,799,437	1,800,693	
BANK OF NOVA SCOTIA CORP NOTE (CALLABLE)	064159GM2	875,000	1.700	6/11/2018	6/11/2015	1.72%	874,589	881,344	881,950	
CISCO SYSTEMS INC CORP NOTE	17275RAU6	360,000	1.650	6/15/2018	6/17/2015	1.66%	359,939	362,698	362,728	
TOYOTA MOTOR CREDIT CORP	89236TCP8	600,000	1.550	7/13/2018	7/13/2015	1.58%	599,490	602,935	603,458	
INDUSTRIAL BANK CDARS		5,035,026	0.500	10/11/2018	10/12/2017	0.50%	5,035,026	5,038,503	5,038,503	
US TREASURY NOTES	912828A34	1,335,000	1.250	11/30/2018	5/6/2016	0.83%	1,349,080	1,329,257	1,340,550	
INDUSTRIAL BANK CDARS	XXXXXXXX	5,085,490	0.500	11/8/2018	11/9/2017	0.50%	5,085,490	5,086,973	5,036,509	
CANADIAN IMPERIAL BANK NY CD	13606A5Z7	1,800,000	1.760	11/30/2018	12/5/2016	1.78%	1,798,596	1,803,209	1,799,383	
NORDEA BANK FINLAND NY CD	65558LWA6	1,800,000	1.760	11/30/2018	12/5/2016	1.74%	1,800,000	1,803,209	1,800,088	
US TREASURY NOTES	912828A75	4,225,000	1.500	12/31/2018	12/4/2015	1.22%	4,260,813	4,242,277	4,264,278	
SVENSKA HANDELSBANKEN NY LT CD	86958JHB8	1,800,000	1.890	1/10/2019	1/12/2017	1.91%	1,800,000	1,807,654	1,813,608	
WELLS FARGO & COMPANY NOTES	94974BFQ8	1,103,000	2.150	1/15/2019	10/7/2015	1.77%	1,116,225	1,112,782	1,116,583	
FHLB NOTES	3130AAE46	1,800,000	1.250	1/16/2019	12/8/2016	1.25%	1,799,928	1,798,428	1,808,396	
APPLE INC CORP NOTES	037833BQ2	545,000	1.700	2/22/2019	2/23/2016	1.71%	544,907	546,301	547,484	
FNMA BENCHMARK NOTE	3135G0J53	2,250,000	1.000	2/26/2019	2/23/2016	1.08%	2,244,690	2,235,222	2,253,735	
FNMA BENCHMARK NOTE	3135G0J53	825,000	1.000	2/26/2019	8/8/2016	0.90%	827,087	827,087	828,195	
FNMA BENCHMARK NOTE	3135G0J53	1,425,000	1.000	2/26/2019	9/2/2016	0.97%	1,425,926	1,415,640	1,429,224	
BERKSHIRE HATHAWAY INC NOTES	084664CG4	130,000	1.700	3/15/2019	3/15/2016	1.73%	129,901	130,131	130,424	
COLGATE-PALMOLIVE COMPANY CORP NOTES	19416QEF3	925,000	1.750	3/15/2019	5/1/2017	1.55%	928,432	927,762	930,794	
FREDDIE MAC NOTES	3137EADZ9	1,700,000	1.125	4/15/2019	5/31/2016	1.10%	1,701,309	1,687,720	1,703,077	
US TREASURY NOTES	912828D23	1,465,000	1.625	4/30/2019	6/29/2016	0.70%	1,502,998	1,464,349	1,486,078	
US TREASURY NOTES	912828D23	2,820,000	1.625	4/30/2019	11/14/2016	1.06%	2,858,555	2,818,747	2,846,201	
INTER-AMERICAN DEVELOPMENT BANK	458182DX7	1,260,000	1.000	5/13/2019	4/12/2016	1.10%	1,256,220	1,245,272	1,258,837	
CHEVRON CORP NOTES	166764BH2	900,000	1.561	5/16/2019	5/16/2016	1.56%	900,000	895,446	900,585	
FHLB GLOBAL NOTE	3130A8DB6	1,840,000	1.125	6/21/2019	6/3/2016	1.14%	1,839,227	1,830,820	1,848,801	
FL ST BOARD ADMIN FIN CORP TXBL REV BD	341271AA2	1,800,000	2.163	7/1/2019	3/8/2016	2.16%	1,800,000	1,816,655	1,816,223	
BANK OF MONTREAL	06367THQ6	900,000	1.500	7/18/2019	7/18/2016	1.53%	899,136	897,185	904,513	
FHLMC REFERENCE NOTE	3137EAEB1	2,250,000	0.875	7/19/2019	7/20/2016	0.96%	2,244,555	2,223,143	2,254,233	
ROYAL BANK OF CANADA CORP NOTES	78012KRR5	900,000	1.500	7/29/2019	7/29/2016	1.54%	898,974	895,289	904,001	
SKANDINAV ENSKILDA BANKEN NY CD	83050FXT3	1,850,000	1.840	8/2/2019	8/4/2017	1.85%	1,849,279	1,848,498	1,860,649	
APPLE INC CORP NOTES	037833CB4	900,000	1.100	8/2/2019	8/4/2016	1.13%	899,100	890,702	902,712	
MICROSOFT CORP NOTES	594918BN3	595,000	1.100	8/8/2019	8/8/2016	1.14%	594,387	589,292	596,707	
TORONTO DOMINION BANK NY CORP NOTES	89114QBJ6	900,000	1.450	8/13/2019	7/13/2016	1.45%	899,919	893,920	903,868	
CT ST TXBL GO BONDS	20772J3D2	985,000	1.300	8/15/2019	8/17/2016	1.23%	987,128	974,301	989,991	
INTL BANK OF RECON AND DEV SN NOTE	459058FK4	900,000	0.875	8/15/2019	7/13/2016	0.88%	899,811	887,075	902,213	
FNMA NOTES	3135G0P49	1,450,000	1.000	8/28/2019	9/2/2016	1.05%	1,447,738	1,433,285	1,452,419	
FNMA NOTES	3135G0P49	1,975,000	1.000	8/28/2019	10/5/2016	1.02%	1,973,815	1,952,233	1,979,388	
AFRICAN DEVELOPMENT BANK NOTE	00828EBQ1	700,000	1.125	9/20/2019	9/20/2016	1.16%	699,258	691,482	701,104	
WAL-MART STORES INC CORP NOTE	931142DY6	430,000	1.750	10/9/2019	10/20/2017	1.75%	429,991	429,575	430,849	

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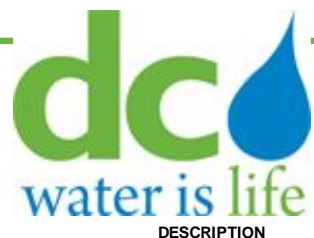


**DC Water
Finance Division
Portfolio Holdings by Fund**

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
Operating Reserve Accounts										
THE PROCTER & GAMBLE CO CORP NOTES	742718EZ8	440,000	1.750	10/25/2019	10/25/2017	1.77%	439,846	439,374	440,624	
US TREASURY NOTES	912828G61	2,325,000	1.500	11/30/2019	12/5/2016	1.45%	2,328,633	2,311,474	2,327,544	
PFIZER INC CORP NOTE	717081EB5	595,000	1.700	12/15/2019	11/21/2016	1.72%	594,572	596,310	599,375	
PFIZER INC CORP NOTE	717081EB5	300,000	1.700	12/15/2019	11/21/2016	1.73%	299,775	300,660	302,200	
ASIAN DEVELOPMENT BANK NOTE	045167DT7	925,000	1.750	1/10/2020	1/12/2017	1.77%	924,464	927,783	930,959	
US TREASURY NOTES	912828H52	3,475,000	1.250	1/31/2020	1/5/2017	1.52%	3,447,309	3,447,440	3,469,865	
MICROSOFT CORP	594918BV5	445,000	1.850	2/6/2020	2/6/2017	1.87%	444,702	445,840	447,412	
FNMA NOTES	3135G0T29	1,150,000	1.500	2/28/2020	2/28/2017	1.52%	1,149,264	1,144,297	1,153,903	
US TREASURY NOTES	912828J50	725,000	1.375	2/29/2020	2/3/2017	1.58%	720,610	720,170	724,303	
US TREASURY NOTES	912828J50	2,900,000	1.375	2/29/2020	9/1/2017	1.38%	2,899,887	2,880,682	2,910,032	
EXXON MOBIL (CALLABLE) CORP NOTE	30231GAG7	925,000	1.912	3/6/2020	4/28/2017	1.77%	928,635	925,986	932,057	
WESTPAC BANKING CORP NOTES	961214DJ9	925,000	2.150	3/6/2020	3/6/2017	2.16%	924,602	928,086	929,393	
AFRICAN DEVELOPMENT BANK NOTE	00828ECA5	1,035,000	1.875	3/16/2020	3/16/2017	1.93%	1,033,468	1,035,845	1,037,865	
TOYOTA MOTOR CREDIT CORP (CALLABLE)	89236TDU6	630,000	1.950	4/17/2020	4/17/2017	1.97%	629,710	627,999	631,270	
TOYOTA MOTOR CREDIT CORP (CALLABLE)	89236TDU6	295,000	1.950	4/17/2020	4/17/2017	1.94%	295,089	294,063	295,774	
US TREASURY NOTES	912828K58	2,750,000	1.375	4/30/2020	4/5/2017	1.53%	2,737,646	2,721,764	2,743,480	
US TREASURY NOTES	912828K58	1,575,000	1.375	4/30/2020	4/10/2017	1.55%	1,566,879	1,558,829	1,570,409	
NYC TRANS FIN AUTH, NY TXBL REV BONDS	64971W5W6	540,000	1.960	5/1/2020	6/29/2017	1.96%	540,000	538,884	540,882	
TOTAL CAPITAL SA CORP NOTES	89152UAD4	850,000	4.450	6/24/2020	4/10/2017	2.07%	912,492	914,461	916,820	
US TREASURY NOTES	912828XH8	1,825,000	1.625	6/30/2020	6/16/2017	1.51%	1,830,988	1,826,004	1,842,518	
US TREASURY NOTES	912828XH8	3,650,000	1.625	6/30/2020	6/28/2017	1.50%	3,663,117	3,652,008	3,686,123	
BANK OF NOVA SCOTIA HOUSTON BKNT	064159JX5	925,000	2.150	7/14/2020	7/14/2017	2.15%	924,871	928,913	932,455	
FNMA NOTES	3135G0T60	1,850,000	1.500	7/30/2020	9/1/2017	1.49%	1,850,481	1,837,636	1,859,694	
US TREASURY NOTES	912828XM7	825,000	1.625	7/31/2020	7/7/2017	1.60%	825,516	824,034	829,933	
WESTPAC BANKING CORP NY CD	96121T4A3	900,000	2.050	8/3/2020	8/7/2017	2.05%	900,000	907,346	905,843	
INTL BANK OF RECONSTRUCTION AND DEV NOTE	45905UP32	925,000	1.561	9/12/2020	9/19/2017	1.64%	922,780	913,199	925,813	
GENERAL ELECTRIC CAPITAL CORP CORP NOTE	36962G4R2	425,000	4.375	9/16/2020	8/31/2017	1.84%	456,790	450,327	458,114	
FHLB NOTES	3130ACE26	965,000	1.375	9/28/2020	9/8/2017	1.48%	961,902	951,838	964,451	
US TREASURY NOTES	912828L99	250,000	1.375	10/31/2020	10/17/2017	1.71%	247,539	246,496	247,932	
INTER-AMERICAN DEVELOPMENT BANK	4581X0CD8	915,000	2.125	11/9/2020	10/10/2017	1.81%	923,481	918,527	924,295	
JOHNSON & JOHNSON CORP NOTE	478160CH5	195,000	1.950	11/10/2020	11/10/2017	1.99%	194,791	194,544	195,017	
COCA-COLA CO/THE GLOBAL NOTES	191216AR1	370,000	3.150	11/15/2020	9/12/2017	1.78%	385,584	381,758	385,058	
SWEDBANK (NEW YORK) CERT DEPOS	87019U6D6	925,000	2.270	11/16/2020	11/17/2017	2.30%	925,000	923,558	925,817	
US TREASURY NOTES	912828M98	3,000,000	1.625	11/30/2020	11/3/2017	1.77%	2,986,992	2,974,001	2,987,455	
										\$ 145,099,848.53
Debt Service Reserve										
WELLS FARGO TREASURY PLUS MMF		\$ 7,309		12/1/2017		0.94%	\$ 7,309	\$ 7,309	\$ 7,309	
US TREASURY NOTES	912828Q45	6,820,000	0.875	3/31/2018	11/2/2016	0.76%	6,831,189	6,818,973	6,832,793	
US TREASURY NOTES	912828RH5	4,975,000	1.375	9/30/2018	11/15/2016	1.00%	5,009,786	4,975,965	5,002,137	
US TREASURY NOTES	912828T42	6,460,000	0.750	9/30/2018	5/19/2017	1.19%	6,421,644	6,421,818	6,444,902	
US TREASURY N/B	912828W97	5,175,000	1.250	3/31/2019	10/10/2017	1.45%	5,160,041	5,151,651	5,172,501	
										\$ 23,459,642.43
CSO LTCP Appropriations Account										
TD BANK BANK DEPOSIT		2,735		12/1/2017		1.07%	2,735	2,735	2,735	
										\$ 2,735.09

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Investment Performance Report – November 2017



DC Water
Finance Division
Portfolio Holdings by Fund

DESCRIPTION	CUSIP	PAR AMOUNT	COUPON RATE	MATURITY DATE	SETTLEMENT DATE	YTM AT COST	ORIGINAL COST	MARKET VALUE + ACCRUED INTEREST	AMORTIZED COST + ACCRUED INTEREST	TOTAL VALUE
2015A Construction Fund										
WELLS FARGO TREASURY PLUS MMF		\$ 1,044,095		12/1/2017		0.94%	\$ 1,044,095	\$ 1,044,095	\$ 1,044,095	\$ 1,044,095.31
2015B Construction Fund										
WELLS FARGO TREASURY PLUS MMF		\$ 31,462		12/1/2017		0.94%	\$ 31,462	\$ 31,462	\$ 31,462	\$ 31,461.86
2016B Construction Fund										
WELLS FARGO TREASURY PLUS MMF		\$ 24,705,969		12/1/2017		0.94%	\$ 24,705,969	\$ 24,705,969	\$ 24,705,969	\$ 24,705,969.11
2017A Construction Fund										
WELLS FARGO TREASURY PLUS MMF		\$ 18,316,631		12/1/2017		0.94%	\$ 18,316,631	\$ 18,316,631	\$ 18,316,631	\$ 18,316,630.90
2017B Construction Fund										
WELLS FARGO TREASURY PLUS MMF		\$ 90,848		12/1/2017		0.94%	\$ 90,848	\$ 90,848	\$ 90,848	
US TREASURY N/B	912828H37	17,485,000	0.875	1/15/2018	3/2/2017	0.92%	17,477,487	17,534,903	17,541,739	
US TREASURY N/B	912828J68	9,620,000	1.000	3/15/2018	3/2/2017	1.02%	9,618,497	9,631,853	9,640,047	
US TREASURY NOTES	912828K25	11,555,000	0.750	4/15/2018	3/2/2017	1.04%	11,517,537	11,540,457	11,553,761	
JP MORGAN SECURITIES LLC COMM PAPER	46640QEV9	7,000,000	-	5/29/2018	9/1/2017	1.56%	6,919,150	6,943,300	6,946,399	
BANK OF TOKYO MITSUBISHI UFJ LTD COMM PA	06538CEV9	5,350,000	-	5/29/2018	9/1/2017	1.56%	5,288,208	5,306,665	5,309,034	
US TREASURY NOTES	912828XF2	18,710,000	1.125	6/15/2018	3/2/2017	1.08%	18,721,694	18,772,841	18,812,125	
										\$ 69,893,952.13
							\$ 343,441,511.30	\$ 343,241,077.95	\$ 344,004,335.36	\$ 344,004,335.36

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Investment Performance Report – November 2017



**DC Water
Finance Division
Security Purchases
Last 6 Months**

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Operating Reserve Accounts							
912828XH8	US TREASURY NOTES	1,825,000.00	1.63	6/30/2020	6/16/2017	1.51	1,844,669.48
912828XH8	US TREASURY NOTES	3,650,000.00	1.63	6/30/2020	6/28/2017	1.50	3,692,445.75
64971W5W6	NYC TRANS FIN AUTH, NY TXBL REV BONDS	540,000.00	1.96	5/1/2020	6/29/2017	1.96	540,000.00
912828XM7	US TREASURY NOTES	2,700,000.00	1.63	7/31/2020	7/7/2017	1.60	2,720,716.16
064159JX5	BANK OF NOVA SCOTIA HOUSTON BKNT	925,000.00	2.15	7/14/2020	7/14/2017	2.15	924,870.50
83050FXT3	SKANDINAV ENSKILDA BANKEN NY CD	1,850,000.00	1.84	8/2/2019	8/4/2017	1.88	1,849,278.50
96121T4A3	WESTPAC BANKING CORP NY CD	900,000.00	2.05	8/3/2020	8/7/2017	2.05	900,000.00
36962G4R2	GENERAL ELECTRIC CAPITAL CORP CORP NOTE	425,000.00	4.38	9/16/2020	8/31/2017	1.84	465,312.14
3135G0T60	FNMA NOTES	1,850,000.00	1.50	7/30/2020	9/1/2017	1.49	1,852,793.50
912828J50	US TREASURY NOTES	2,900,000.00	1.38	2/29/2020	9/1/2017	1.38	2,899,996.87
3130ACE26	FHLB NOTES	965,000.00	1.38	9/28/2020	9/8/2017	1.48	961,902.35
191216AR1	COCA-COLA CO/THE GLOBAL NOTES	370,000.00	3.15	11/15/2020	9/12/2017	1.78	389,372.28
45905UP32	INTL BANK OF RECONSTRUCTION AND DEV NOTE	925,000.00	1.56	9/12/2020	9/19/2017	1.64	922,780.00
4581X0CD8	INTER-AMERICAN DEVELOPMENT BANK	915,000.00	2.13	11/9/2020	10/10/2017	1.81	931,636.80
RE0959834	INDUSTRIAL BANK CDARS	5,035,025.80	0.50	10/11/2018	10/12/2017	0.51	5,035,025.80
931142DY6	WAL-MART STORES INC CORP NOTE	430,000.00	1.75	10/9/2019	10/20/2017	1.75	429,991.40
742718EZ8	THE PROCTER & GAMBLE CO CORP NOTES	440,000.00	1.75	10/25/2019	10/25/2017	1.77	439,846.00
912828M98	US TREASURY NOTES	3,000,000.00	1.63	11/30/2020	11/3/2017	1.77	3,007,770.88
RE0959842	INDUSTRIAL BANK CDARS	5,085,490.22	0.50	11/8/2018	11/9/2017	0.51	5,085,490.22
478160CH5	JOHNSON & JOHNSON CORP NOTE	195,000.00	1.95	11/10/2020	11/10/2017	1.99	194,791.35
87019U6D6	SWEDBANK (NEW YORK) CERT DEPOS	925,000.00	2.27	11/16/2020	11/17/2017	2.30	925,000.00
Total Debt Service Reserve							
912828W97	US TREASURY N/B	5,175,000.00	1.250	3/31/2019	10/10/2017	1.449	5,161,818.15
2017B Construction Fund							
22533TZ58	CREDIT AGRICOLE CIB NY COMM PAPER	7,000,000.00	0.000	12/5/2017	9/1/2017	1.302	6,976,355.56
46640QEV9	JP MORGAN SECURITIES LLC COMM PAPER	7,000,000.00	0.000	5/29/2018	9/1/2017	1.576	6,919,150.00
89233GZ41	TOYOTA MOTOR CREDIT CORP COMM PAPER	5,700,000.00	0.000	12/4/2017	9/1/2017	1.231	5,681,991.17
06538CEV9	BANK OF TOKYO MITSUBISHI UFJ LTD COMM PA	5,350,000.00	0.000	5/29/2018	9/1/2017	1.576	5,288,207.50
13607FDD5	CANADIAN IMPERIAL HOLDING COMM PAPER	7,000,000.00	0.000	4/13/2018	9/14/2017	1.459	6,941,412.33

Securities highlighted in **blue font** denote trades executed during the current month.

Investment Performance Report – November 2017



**DC Water
Finance Division
Security Sales
Last 6 Months**

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Operating Reserve Accounts							
459200HZ7	IBM CORP NOTES	1,825,000.00	1.13	2/6/2018	6/16/2017	1.31	1,830,315.31
3130A8PK3	FHLB NOTES	3,675,000.00	0.63	8/7/2018	6/28/2017	1.29	3,656,984.84
30231GAL6	EXXON MOBIL CORP NOTES	300,000.00	1.31	3/6/2018	6/29/2017	1.39	301,063.88
90333VPF1	US BANK NA CINCIN CD(CALLED OMD 9/11/17)	1,200,000.00	1.38	8/11/2017	7/7/2017	1.20	1,205,580.67
30231GAL6	EXXON MOBIL CORP NOTES	575,000.00	1.31	3/6/2018	7/7/2017	1.39	577,200.09
459058FE8	INTL BANK OF RECON AND DEV SN NOTES	900,000.00	0.88	7/19/2018	7/7/2017	1.40	898,819.20
064159GM2	BANK OF NOVA SCOTIA CORP NOTE (CALLABLE)	925,000.00	1.70	6/11/2018	7/14/2017	1.56	927,625.46
83050FBG5	SKANDINAVISKA ENSKILDA BANKEN NY CD	1,800,000.00	1.48	11/16/2017	8/4/2017	1.27	1,820,226.62
961214BZ5	WESTPAC BANKING CORP NOTES	475,000.00	1.60	1/12/2018	8/7/2017	1.41	475,903.03
40428AR41	HSBC BANK USA NA FLOATING CERT DEPOS	275,000.00	1.90	11/17/2017	8/7/2017	1.29	276,514.99
17275RAU6	CISCO SYSTEMS INC CORP NOTE	375,000.00	1.65	6/15/2018	8/31/2017	1.48	376,808.75
3137EAED7	FHLMC REFERENCE NOTES	2,375,000.00	0.88	10/12/2018	9/1/2017	1.30	2,371,932.62
78010U4A2	ROYAL BANK OF CANADA CORP NOTES	850,000.00	1.40	10/13/2017	9/1/2017	1.36	854,595.67
40428AR41	HSBC BANK USA NA FLOATING CERT DEPOS	1,525,000.00	1.90	11/17/2017	9/1/2017	1.33	1,527,976.26
912828XM7	US TREASURY NOTES	950,000.00	1.63	7/31/2020	9/8/2017	1.37	958,389.95
17275RAU6	CISCO SYSTEMS INC CORP NOTE	390,000.00	1.65	6/15/2018	9/12/2017	1.45	392,147.93
912828XM7	US TREASURY NOTES	925,000.00	1.63	7/31/2020	9/19/2017	1.45	931,522.76
912828A34	US TREASURY NOTES	925,000.00	1.25	11/30/2018	10/10/2017	1.39	927,724.77
084670BX5	BERKSHIRE HATHAWAY INC GLOBAL NOTES	220,000.00	1.15	8/15/2018	10/17/2017	1.44	219,905.52
912828A34	US TREASURY NOTES	250,000.00	1.25	11/30/2018	10/20/2017	1.44	250,685.09
17275RAU6	CISCO SYSTEMS INC CORP NOTE	425,000.00	1.65	6/15/2018	10/25/2017	1.46	428,050.79
00828EBB4	AFRICAN DEVELOPMENT BANK NOTE	700,000.00	1.63	10/2/2018	11/3/2017	1.61	701,099.12
912828A34	US TREASURY NOTES	955,000.00	1.25	11/30/2018	11/3/2017	1.51	957,476.78
912828A34	US TREASURY NOTES	1,295,000.00	1.25	11/30/2018	11/3/2017	1.51	1,298,358.58
912828A34	US TREASURY NOTES	195,000.00	1.25	11/30/2018	11/10/2017	1.55	195,468.56
58933YAG0	MERCK & CO GLOBAL NOTES	731,000.00	1.30	5/18/2018	11/17/2017	1.57	734,738.25
912828A34	US TREASURY NOTES	175,000.00	1.25	11/30/2018	11/17/2017	1.60	175,387.14
2017A Construction Fund							
89233GX27	TOYOTA MOTOR CREDIT CORP COMM PAPER	2,015,000.00	-	10/2/2017	8/8/2017	1.19	2,011,398.19
89233GYQ3	TOYOTA MOTOR CREDIT CORP COMM PAPER	2,350,000.00	-	11/24/2017	8/8/2017	1.26	2,341,258.00
89233GYQ3	TOYOTA MOTOR CREDIT CORP COMM PAPER	4,200,000.00	-	11/24/2017	8/9/2017	1.24	4,184,770.33

Securities highlighted in **blue font** denote trades executed during the current month.

Investment Performance Report – November 2017



DC Water
Finance Division
Security Sales
Last 6 Months

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
2017B Construction Fund							
36164JW18	GE CAPITAL TREASURY LLC COMM PAPER	16,500,000.00	-	9/1/2017	6/6/2017	1.07	16,458,131.25
89233GW51	TOYOTA MOTOR CREDIT CORP	6,250,000.00	-	9/5/2017	6/6/2017	1.10	6,232,937.50
912796LR8	US TREASURY BILL	1,400,000.00	-	8/31/2017	6/6/2017	0.96	1,396,832.81
912828XF2	US TREASURY NOTES	12,195,000.00	1.13	6/15/2018	9/1/2017	1.24	12,213,281.56
912828K25	US TREASURY NOTES	6,950,000.00	0.75	4/15/2018	9/14/2017	1.19	6,954,001.06
89233GZ41	TOYOTA MOTOR CREDIT CORP COMM PAPER	2,000,000.00	-	12/4/2017	9/27/2017	1.22	1,995,466.67
912828XK1	US TREASURY NOTES	12,750,000.00	0.88	7/15/2018	10/23/2017	1.35	12,736,985.82
22533TZ58	CREDIT AGRICOLE CIB NY COMM PAPER	7,000,000.00	-	12/5/2017	10/23/2017	1.27	6,989,548.61
89233GZ41	TOYOTA MOTOR CREDIT CORP COMM PAPER	3,700,000.00	-	12/4/2017	10/23/2017	1.21	3,694,863.17
912828J68	US TREASURY N/B	19,250,000.00	1.00	3/15/2018	11/22/2017	1.27	19,269,617.25
06538BZ48	BANK OF TOKYO MITSUBISHI COMM PAPER	1,650,000.00	-	12/4/2017	11/22/2017	1.25	1,649,323.50
13607FDD5	CANADIAN IMPERIAL HOLDING COMM PAPER	7,000,000.00	-	4/13/2018	11/22/2017	1.65	6,955,270.00

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Investment Performance Report – November 2017



DC Water
Finance Division
Security Maturities
Last 6 Months

CUSIP	DESCRIPTION	PAR	COUPON	MATURITY DATE	SETTLE DATE	YTM	TRANSACTION AMOUNT
Operating Reserve Accounts							
605581FX0	MS ST TXBL GO BONDS	120,000.00	1.09	10/1/2017	10/1/2017	0.00	120,000.00
RE0959594	INDUSTRIAL BANK CDARS	5,035,025.80	0.35	10/12/2017	10/12/2017	0.00	5,052,600.24
RE0959610	INDUSTRIAL BANK CDARS	5,065,244.30	0.40	11/9/2017	11/9/2017	0.00	5,085,450.22
2017A Construction Fund							
313589GH0	FNMA DISC NOTE	41,500,000.00	-	6/1/2017	6/1/2017	0.00	41,500,000.00
313589GH0	FNMA DISC NOTE	40,000.00	-	6/1/2017	6/1/2017	0.00	40,000.00
09659BYQ7	BNP PARIBAS NY BRANCH COMM PAPER	16,500,000.00	-	11/24/2017	11/24/2017	0.00	16,500,000.00
89233GYQ3	TOYOTA MOTOR CREDIT CORP COMM PAPER	1,700,000.00	-	11/24/2017	11/24/2017	0.00	1,700,000.00
2017B Construction Fund							
912796LR8	US TREASURY BILL	11,135,000.00	-	8/31/2017	8/31/2017	0.00	11,135,000.00
06538BW17	BANK TOKYO MITSUBISHI UFJ LTD COMM PAPER	16,500,000.00	-	9/1/2017	9/1/2017	0.00	16,500,000.00
21687AW17	COOPERATIEVE RABOBANK U.A. COMM PAPER	16,500,000.00	-	9/1/2017	9/1/2017	0.00	16,500,000.00
22533TW10	CREDIT AGRICOLE CIB NY COMM PAPER	16,500,000.00	-	9/1/2017	9/1/2017	0.00	16,500,000.00
46640PW17	JP MORGAN SECURITIES LLC COMM PAPER	16,500,000.00	-	9/1/2017	9/1/2017	0.00	16,500,000.00

Securities highlighted in **blue font** denote trades executed during the current month.



**DC Water
Finance Division
Upcoming Transaction Cash Flows
Next 30 Days**

DATE	TRANSACTION	CUSIP	DESCRIPTION	COUPON	MATURITY DATE	PAR VALUE/SHARES	PRINCIPAL	INTEREST	TOTAL
12/11/17	INTEREST	064159GM2	BANK OF NOVA SCOTIA CORP NOTE (CALLABLE)	1.700	06/11/18	875,000.00	0.00	7,437.50	7,437.50
12/15/17	INTEREST	17275RAU6	CISCO SYSTEMS INC CORP NOTE	1.650	06/15/18	360,000.00	0.00	2,970.00	2,970.00
12/15/17	INTEREST	717081EB5	PFIZER INC CORP NOTE	1.700	12/15/19	300,000.00	0.00	2,550.00	2,550.00
12/15/17	INTEREST	717081EB5	PFIZER INC CORP NOTE	1.700	12/15/19	595,000.00	0.00	5,057.50	5,057.50
12/15/17	INTEREST	912828XF2	US TREASURY NOTES	1.125	06/15/18	18,710,000.00	0.00	105,243.75	105,243.75
12/21/17	INTEREST	3130A8DB6	FHLB GLOBAL NOTE	1.125	06/21/19	1,840,000.00	0.00	10,350.00	10,350.00
12/24/17	INTEREST	89152UAD4	TOTAL CAPITAL SA CORP NOTES	4.450	06/24/20	850,000.00	0.00	18,912.50	18,912.50
12/31/17	INTEREST	912828A75	US TREASURY NOTES	1.500	12/31/18	4,225,000.00	0.00	31,687.50	31,687.50
12/31/17	INTEREST	912828XH8	US TREASURY NOTES	1.625	06/30/20	1,825,000.00	0.00	14,828.13	14,828.13
12/31/17	INTEREST	912828XH8	US TREASURY NOTES	1.625	06/30/20	3,650,000.00	0.00	29,656.25	29,656.25



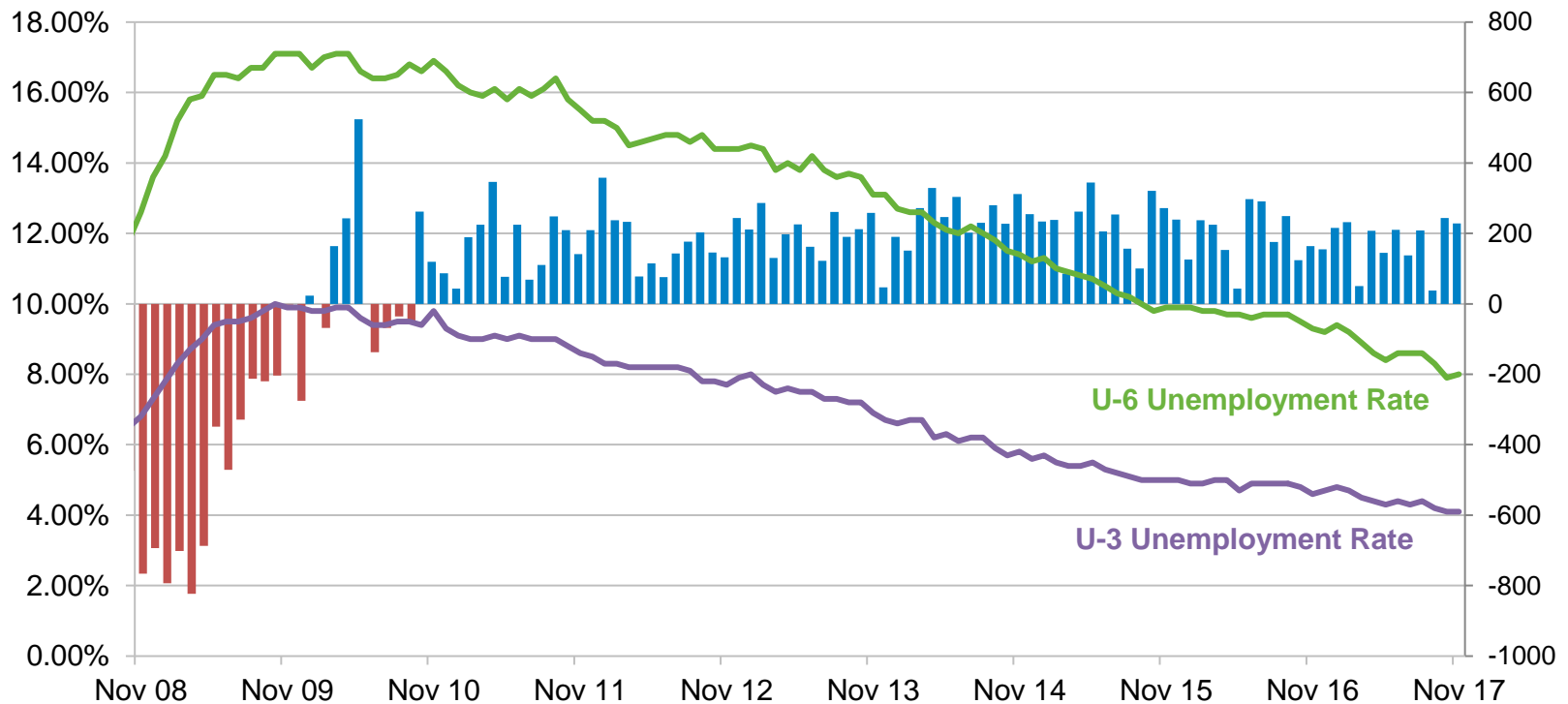
Appendix: Economic Update



U.S. Labor Market

- Nonfarm payrolls exceeded expectations coming in at 228,000 to the expected 195,000.
- The unemployment rate was unchanged at 4.1%, continuing the recent trend of lows for U.S. unemployment.

Unemployment vs. Non-Farm Payrolls
November 2008 – November 2017

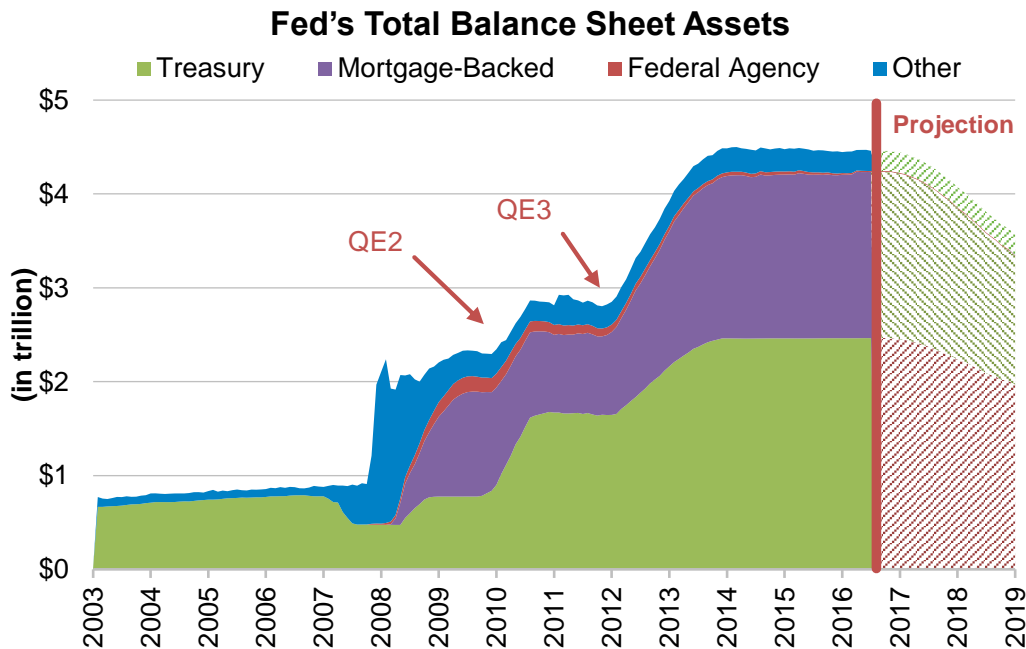


Source: Bloomberg



Fed's Balance Sheet Normalization Plan

- The Federal Reserve began implementing its plan to reduce the size of its balance sheet in October, from a balance of \$4.5 trillion accumulated after multiple rounds of quantitative easing following the 2008 financial crisis.
- Starting in October, the Fed began gradually reducing its holdings by decreasing reinvestments of principal payments on its U.S. Treasury and agency mortgage-backed securities. The pace of this decline started at \$10 billion per month, and is set to increase by another \$10 billion per month every three months, until it reaches up to \$50 billion per month



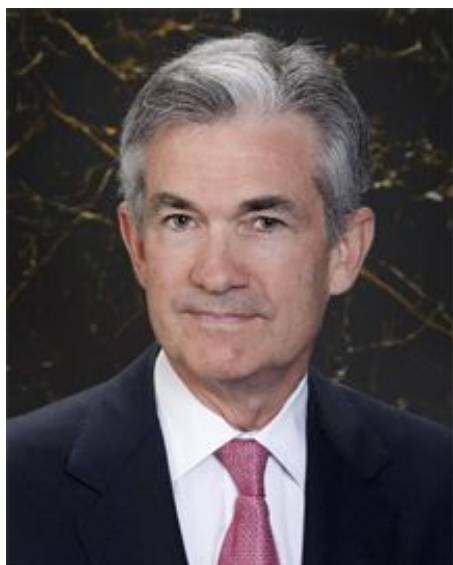
(in billion)	Treasury Holdings	MBS Holdings	Total Fed Assets
Sep 2017	\$2,465	\$1,770	\$4,460
Dec 2019 (Projected)	\$1,965	\$1,350*	\$3,540
Difference:	\$(500)	\$(420)*	\$(920)

*MBS projection assumes that principal payments will always exceed the cap over the horizon period (i.e. the monthly run off amount is equal to the cap).

Source: PFM, Bloomberg, The Federal Reserve, FRB of St. Louis, as of 06/15/17. Projection is based on maturity schedule of Fed's Treasury holdings and caps on reinvestments as described in FOMC's June 2017 addendum to the Policy Normalization Principles and Plans, assuming normalization begins in October 2017.



Nominee for next Chair of the Federal Reserve



Jerome H. Powell

Education

- Princeton University '75 BA in Politics
- Georgetown University '79 Juris Doctors

Career

- U.S. Department of the Treasury 1990-1993
- Worked for a variety of Investment Banks between 1984 and 2011
- Visiting Scholar at the Bipartisan Policy Center 2010-2012
- Member of the Federal Reserve Board since 2012

Views

- Considered the “continuity pick” that is expected to continue the FOMC policies that were enacted under Janet Yellen

Noteworthy Quotes

- “***U.S. monetary policy normalization has been and should continue to be gradual***, as long as the U.S. economy evolves roughly as expected.”
- “The shrinking of the Fed’s balance sheet is also ***expected to proceed quite gradually, with slowly phased-in increases in caps*** on the monthly reductions in the Federal Reserve’s security holdings.”
- “While inflation expectations seem to me to remain reasonably well anchored, it is essential that they remain so; the only way to assure that anchoring is to achieve actual inflation of 2%, and ***I am strongly committed to that objective.***”



FOMC Statement Highlights

November

1

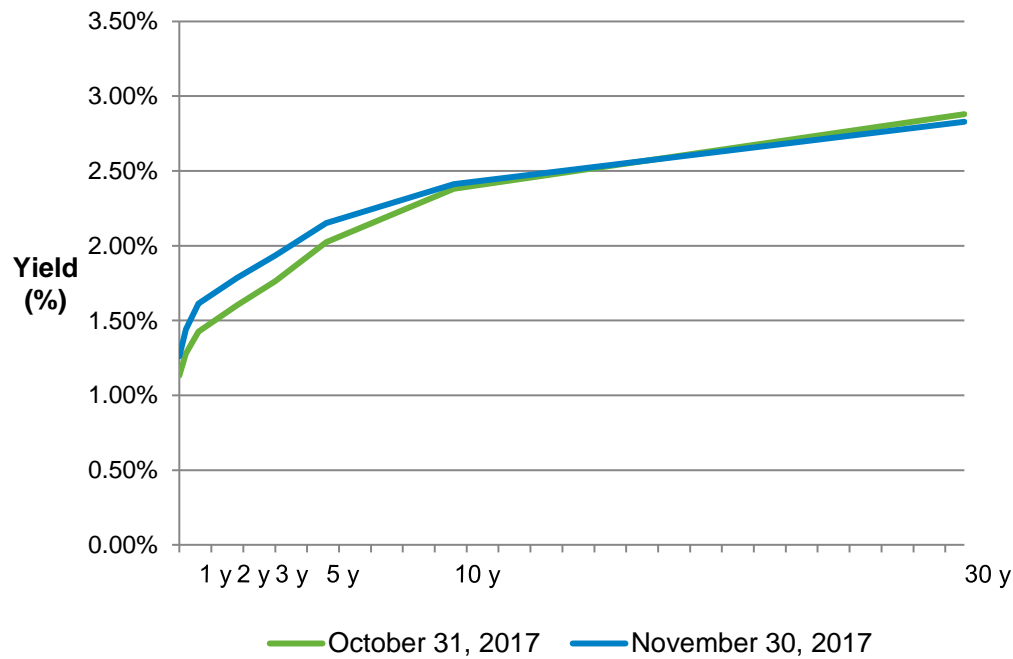
- Information received since the FOMC met in September indicates that the **labor market has continued to strengthen, despite a drop in payroll employment in September due to hurricane-related disruptions** and that economic activity has been rising at a **solid rate**. Despite the impact of hurricanes on the labor market, the **unemployment rate declined further**.
 - **Storm-related disruptions and rebuilding will continue to affect economic activity, employment, and inflation in the near term**, but past experience suggests that the **storms are unlikely to materially alter the course of the national economy over the medium term**.
 - **Inflation on a 12-month basis is expected to remain somewhat below 2 percent in the near term** but to stabilize around the Committee's 2 percent objective over the medium term.
- The Committee decided to **maintain the target range for the federal funds rate at 1 to 1-¼ percent**. The committee expects that economic conditions will evolve in a manner that will warrant **gradual increases in the federal funds rate**.
 - **The balance sheet normalization program**, as described in the June 2017 Addendum to the Committee's Policy Plans, **initiated in October and is proceeding**.
 - All nine voting members of the FOMC supported the monetary policy action.

Source: Federal Reserve



U.S Treasury Yields

U.S. Treasury Yield Curve
October 31, 2017 vs. November 30, 2017



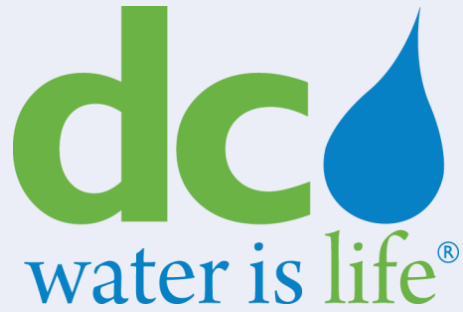
	<u>10/31/2017</u>	<u>11/30/2017</u>	<u>Change</u>
3 month	1.13%	1.26%	0.13%
6 month	1.28%	1.44%	0.16%
1 year	1.43%	1.61%	0.18%
2 year	1.60%	1.78%	0.18%
3 year	1.76%	1.94%	0.18%
5 year	2.02%	2.15%	0.13%
10 year	2.38%	2.41%	0.03%
30 year	2.88%	2.83%	-0.05%

Source: Bloomberg



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Rating Agency Criteria and Peer Comparison for Financial Metrics

December 19, 2017

PFM Financial Advisors LLC

4350 N. Fairfax Drive
Suite 580
Arlington, VA 22203

703.741.0175
pfm.com



Key Financial Rating Metrics for DC Water

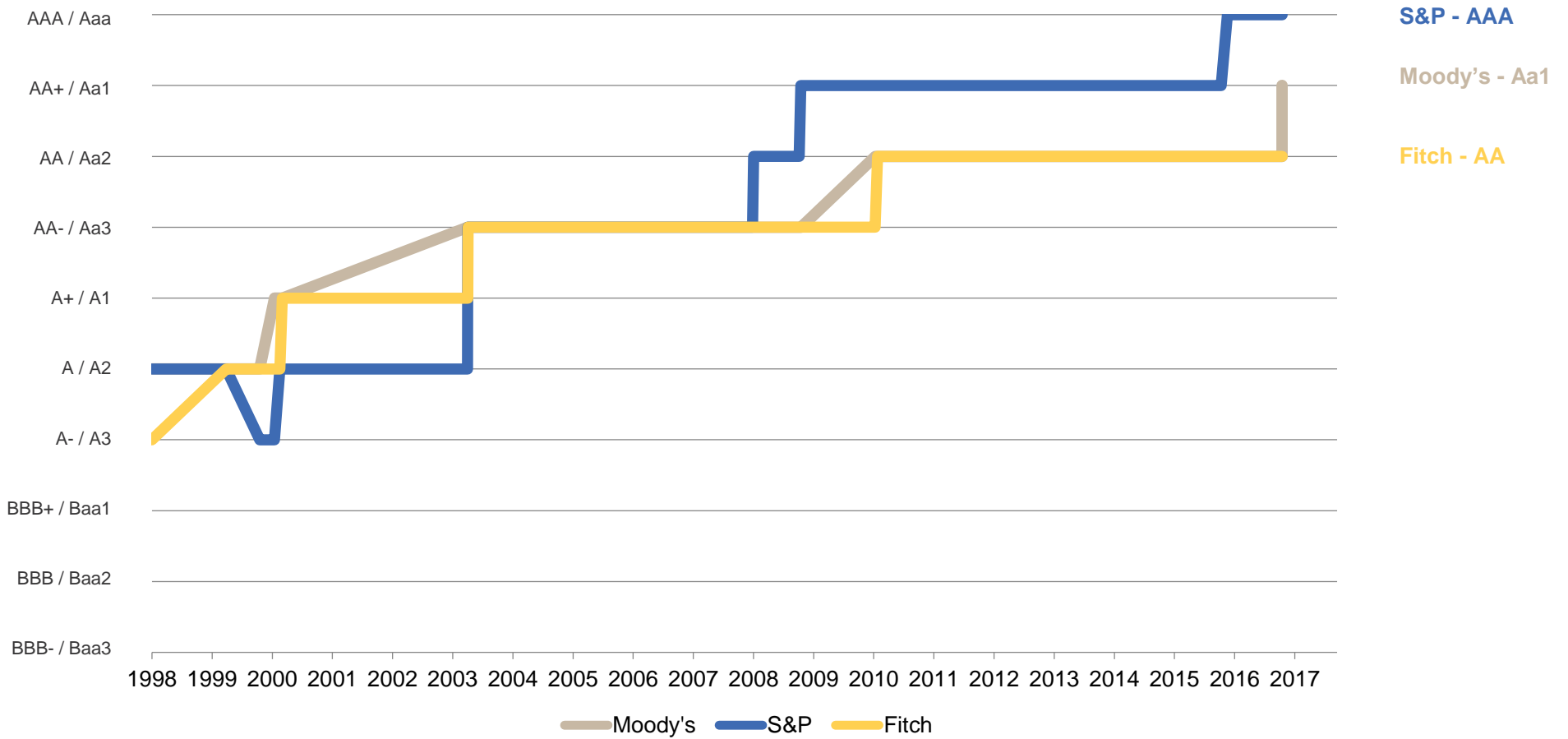
DC Water maintains extremely high senior lien bond ratings with all three rating agencies (Aa1/AAA/AA), providing capital market access for its large, mandated capital program and substantially lowering its annual debt service.

- ◆ Bond ratings remain an important proxy for DC Water's fiscal health and facilitate DC Water's ability to fund the large, consent decree driven capital improvement program
- ◆ DC Water's demonstrated ability and willingness to raise rates as necessary to fund its ongoing capital and operating costs, as well as increase cash reserves, have proven to be integral to the rating upgrades achieved for the system in the past few years
- ◆ In addition to strong financial metrics for DC Water, the wealth levels of its retail and wholesale customer base provide additional strength underpinning the bond ratings for DC Water
- ◆ Notwithstanding significant rate support for DC Water, its financial metrics remain at the mid to lower level of its peer group, such that DC Water has limited flexibility, with respect to rates, for maintaining Aa1/AAA rating levels
- ◆ While no financial metric drives the bond rating of DC Water, the two most critical financial metrics to maintain are debt service coverage and days cash on hand



Senior Lien Credit Rating History

Senior Lien Ratings History (1998 – Present)





Current Rating Agency Views

Summary of Rating Agency Views		
Moody's Investors Service Dan Seymour / Nicholas Samuels	Standard & Poor's Ted Chapman / Erin Boeke Burke	Fitch Ratings Eva Rippeteau / Doug Scott
Aa1 (Sr.) / Aa2 (Sub.) / P-1 (Short-term) Stable Outlook	AAA (Sr.) / AA (Sub.) / A-1+ (Short-term) Stable Outlook	AA (Sr.) / AA- (Sub.) / F1+ (Short-term) Stable Outlook
Strengths		
<ul style="list-style-type: none"> — Excellent rate management record — Large service area with strong wealth indicators and institutional presence — Strong liquidity position and solid coverage of debt service by pledge revenues — Large and healthy service area supported by considerable wealth and institutional presence — Consistent rate increases to ensure good debt service coverage — No unfunded pension or OPEB liability 	<ul style="list-style-type: none"> — Robust service area economy including DC and four suburban counties with GO ratings of AAA; strong institutional presence — Demonstrated willingness to adjust rates — Sustainable financial performance as DC Water moves past the peak years of debt-funded CIP — Liquidity and reserves that include very high levels of unrestricted cash and investments and designated reserves for various contingencies 	<ul style="list-style-type: none"> — Essential service provider to diverse and affluent customer base — Strong coverage while maintaining satisfactory reserves — Conservative historical projections — Rate flexibility, buoyed by affordable user charges and management willingness and ability to raise rates as necessary — Strong management team that ensures regulatory compliance and consistently strong financial results
Challenges		
<ul style="list-style-type: none"> — Substantial increase in capital improvement program size, leading to much higher debt burden — Significant capital program, driven in large part by regulatory mandates — Need for further rate increases to support substantial capital plan — Declining consumption, as seen across the industry 	<ul style="list-style-type: none"> — Size of capital improvement program — No downward pressure on rating over two year period absent remote and extraordinary circumstances such as collapse in financial performance, change in federal payments, or prolonged operational interruption 	<ul style="list-style-type: none"> — Large capital improvement program based on environmental mandates, relying on significant debt issuance increasing already high leverage — Excessive use of long-dated or variable rate debt would be viewed with concern

Source: Moody's report dated January 20, 2017; S&P report dated January 19, 2017; Fitch report dated August 16, 2016.



Comparable Utility Metrics



Select Peer Group

Selected Peer	Moody's Rating (Senior)	S&P Rating (Senior)	Total Operating Revenues (\$000s)	Total Annual Debt Service (\$000s)	Long Term Debt (\$000s)	Debt Ratio	Total Debt Service Coverage	DS as a % of Total Operating Revenues	Days Cash and Investments (days)
Atlanta, GA	Aa2	AA-	466,929	221,506	2,983,981	51.4%	1.8x	47.4%	1,243
Charlotte, NC	Aaa	AAA	357,970	130,519	1,558,661	43.2%	2.0x	36.5%	925
Dallas, TX	Aa1	AAA	607,329	171,502	2,545,171	47.3%	1.7x	28.2%	202
DC Water	Aa1	AAA	595,789	152,081	2,900,329	62.2%	1.8x	25.5%	262
Louisville MSD, KY	Aa3	AA	243,290	134,731	1,822,032	63.8%	1.3x	55.4%	291
Metro St. Louis Sewer District	Aa1	AAA	333,470	69,328	1,351,437	40.4%	2.4x	20.8%	623
NE Ohio Regional Sewer District	Aa1	AA+	313,037	112,987	1,528,853	52.3%	1.8x	36.1%	908
NYC Water	Aa1	AAA	3,892,465	557,600	30,829,355	98.2%	5.0x	14.3%	353
San Antonio, TX	Aa1	AA+	622,457	176,728	2,868,410	48.5%	1.8x	28.4%	342

Source: Moody's Financial Ratio Analysis database, as of December 11, 2017. Metro St. Louis Sewer District data as of FY17; all other data as of FY16.

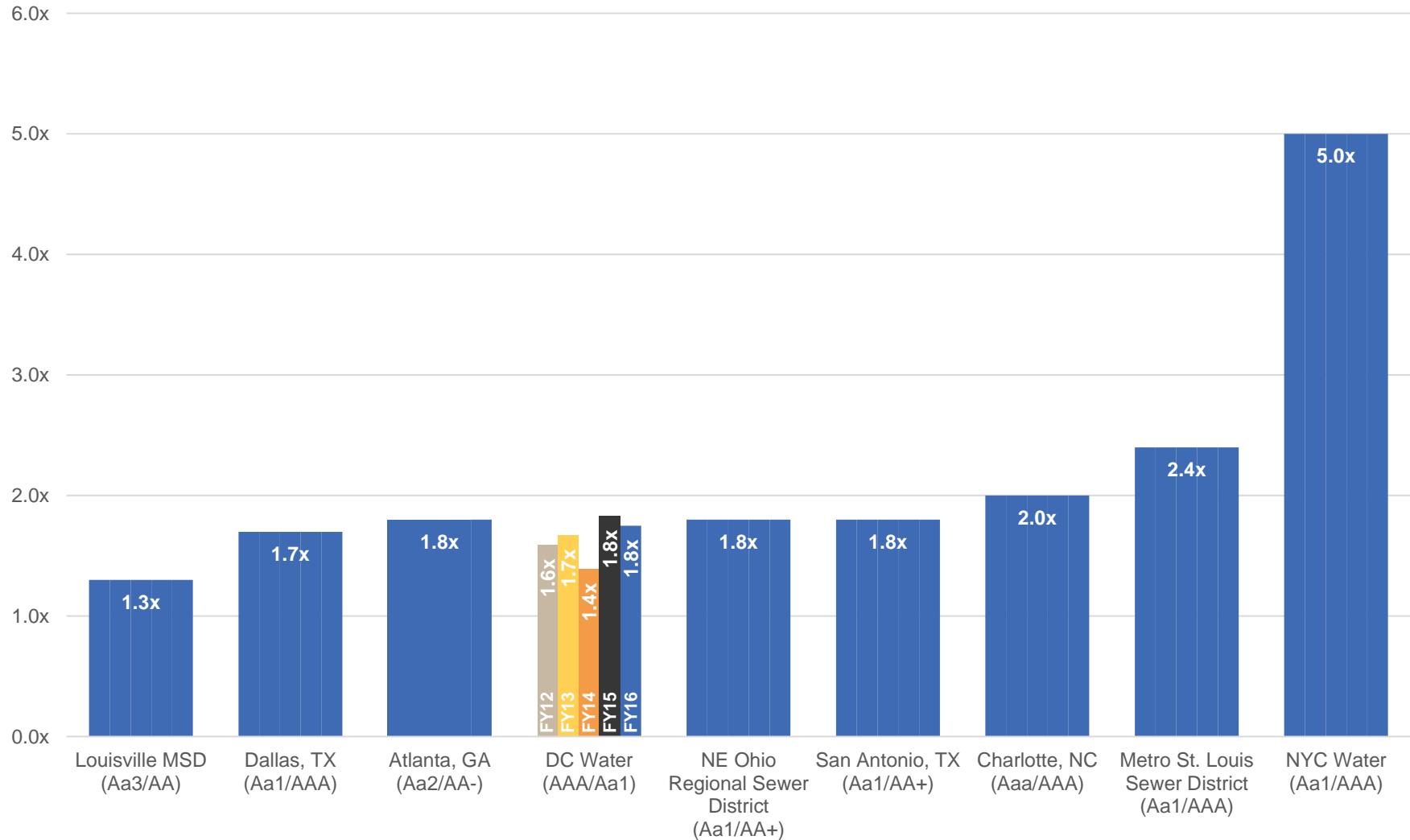


Summary of DC Water Liquidity

Source	FY 2016 Amount	Days Cash & Investments (days)	Notes
Renewal and Replacement Fund	\$35.0 million	43	Board policy is to hold at least \$35 million
Required O&M Reserve	\$49.1 million	60	Indenture requirement of 60 days
Discretionary Reserves	\$78.5 million	96	Board policy to hold reserves totaling at least \$125.5 million
Rate Stabilization Fund	\$51.5 million	63	Discretionary; projections have shown increases in future years
Total	\$214.0 million	262	



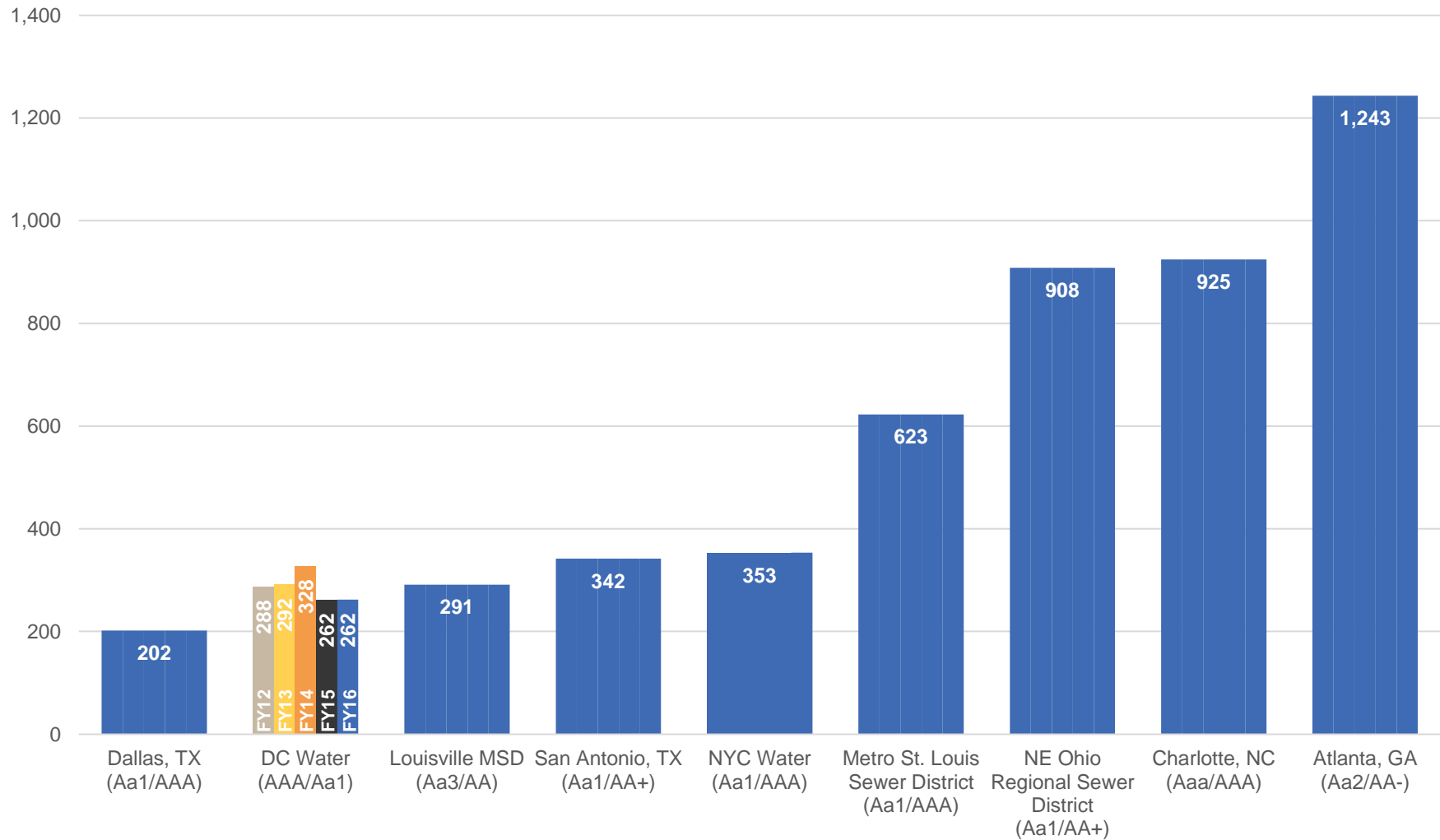
Peer Comparison of Total Debt Service Coverage



Source: Moody's Financial Ratio Analysis database, as of December 11, 2017. Rounded to one decimal. Metro St. Louis Sewer District data as of FY17; all other data as of FY16.



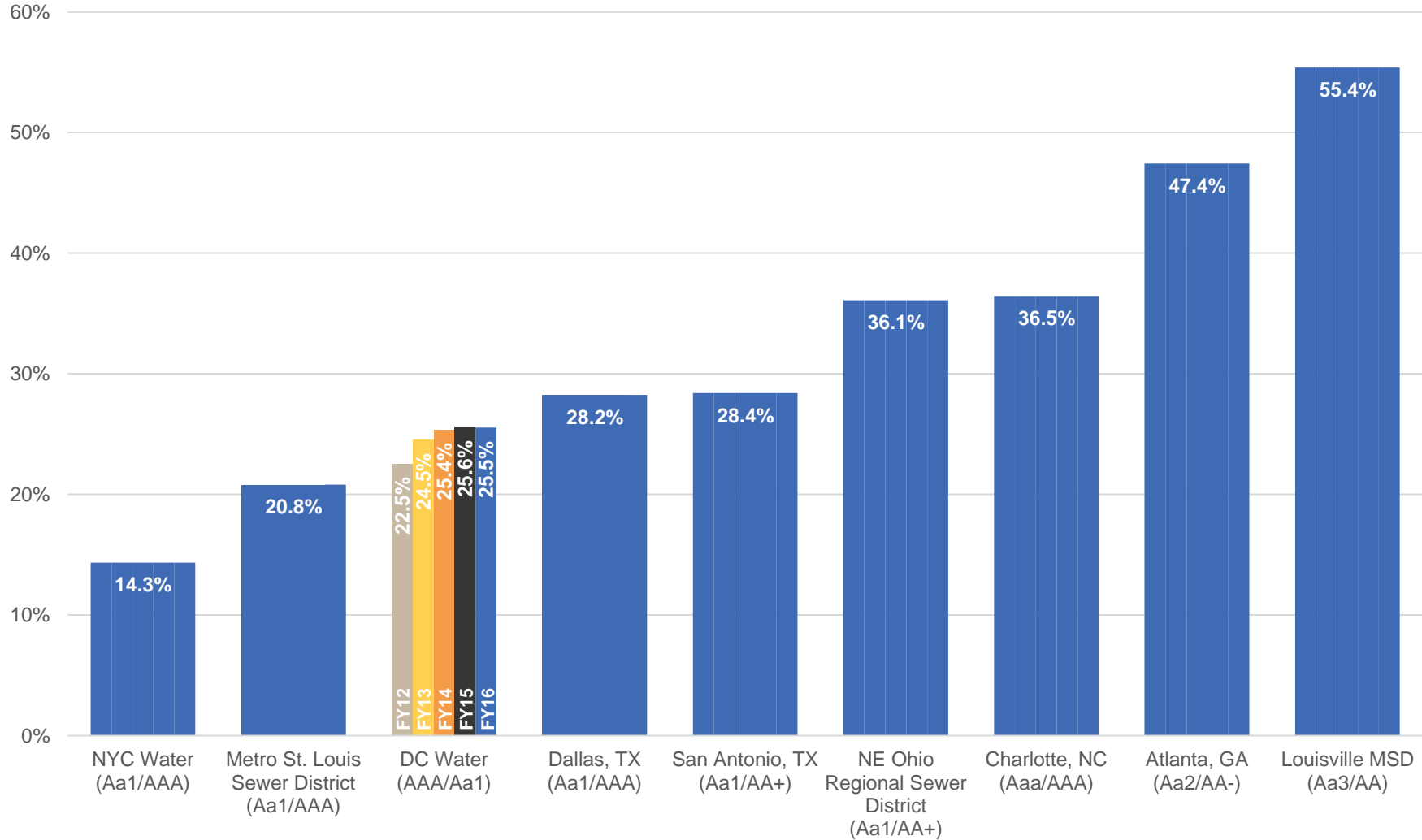
Peer Comparison of Unrestricted Days Cash and Investments



Source: Moody's Financial Ratio Analysis database, as of December 11, 2017. Metro St. Louis Sewer District data as of FY17; all other data as of FY16. Excludes additional sources of liquidity, such as unused lines of credit or commercial paper.



Peer Comparison of Debt Service as a % of Operating Revenues



Source: Moody's Financial Ratio Analysis database, as of December 11, 2017. Metro St. Louis Sewer District data as of FY17; all other data as of FY16.



Moody's and S&P Criteria and Rating Scorecards



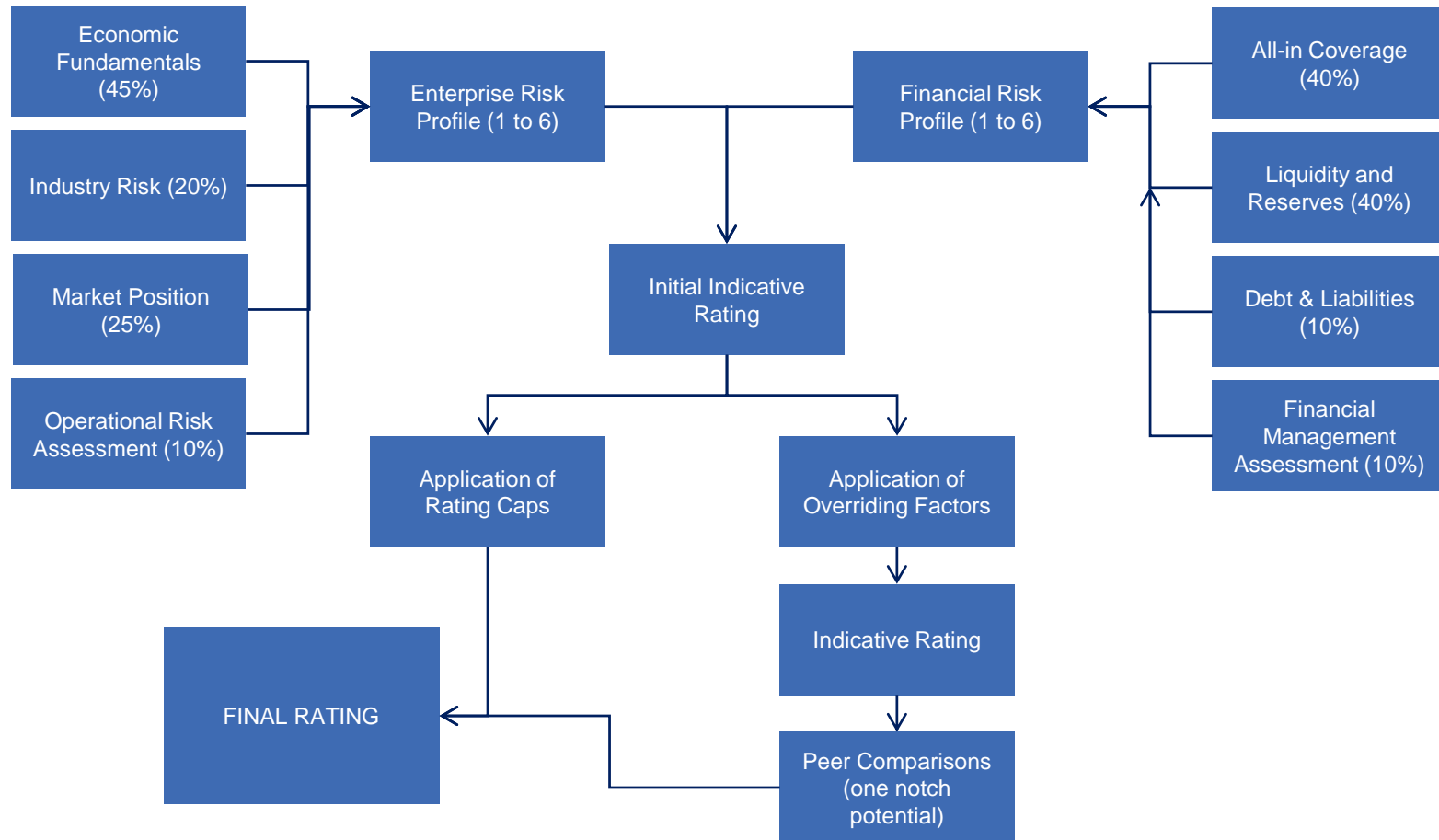
Moody's Water & Sewer Utility Scorecard

Scoring on Moody's Municipal Utility Methodology										
Factor	Description	Weight	Aaa 0.50-1.49	Aa 1.50-2.49	A 2.50-3.49	Baa 3.50-4.49	Ba 4.50-5.49	DC Water Input	Category Score	DC Water Score
System Characteristics (30%)	Asset Condition - Remaining Useful Life (Net Assets / Annual Depreciation)	10%	> 75 Years	75 years > n > 25 years	25 years > n > 12 years	12 years > n > 9 years	9 years > n > 6 years	67 years	2	0.200
	System Size: (O&M in 000s)	7.5%	> \$65 million	\$65 M > n > \$30 M	\$30 M > n > \$10 M	\$10 M > n > \$3 M	\$3 M > n > \$1 M	\$278 million	1	0.075
	Service Area Wealth: MFI	12.5%	> 150% of US median	150% to 90% of US Median	90% to 75% of US Median	75% to 50% of US Median	50% to 40% of US Median	129%	2	0.375
Financial Strength and Liquidity (40%)	Annual Debt Service Coverage	15%	greater than 2.00X	1.70X to < 2.00X	1.25X to < 1.70X	1.00X to < 1.25X	1.00X to < 0.70X	1.75x	2	0.450
	Days Cash on Hand	15%	≥ 250 days	150 to < 250 days	35 to <150 days	15 to <35 days	7 to <15 days	262 days	1	0.150
	Debt to Operating Revenues	10%	Less than 2.00x	2.00x < n < 4.00x	4.00X to < 7.00X	7.00X to < 8.00X	8.00X to < 9.00X	4.9x	3	0.300
Management of System (20%)	Rate Management	10%	Excellent rate setting; no material political, practical, or regulatory limit to rate increases	Strong rate setting; little material political, practical, or regulatory limit to rate increases	Average rate setting; some material political, practical, or regulatory limit to rate increases	Adequate rate setting; political, practical, or regulatory impediments place material limits to rate increases	Below average rate setting; political, practical, or regulatory impediments place material limits to rate increases	Strong rate setting	2	0.200
	Regulatory Compliance and Capital Planning	10%	Fully compliant OR proactively addressing compliance issues; Maintains sophisticated and manageable Capital Improvement Plan that addresses more than a 10-year period	Actively addressing minor compliance issues; Maintains comprehensive and manageable 10-year Capital Improvement Plan	Moderate violations with adopted plan to address issues; Maintains manageable 5-year Capital Improvement Plan	Significant compliance violations with limited solutions adopted; Maintains single year Capital Improvement Plan	Not fully addressing compliance issues; Limited or weak capital planning	Addressing compliance Issues	1	0.200
Legal Provisions (10%)	Rate Covenant	5%	greater than 1.30X	1.30X to < 1.20X	1.20X to < 1.10X	1.00X to < 1.10X	< 1.00x	1.20x	3	0.100
	Debt Service Reserve Requirement	5%	DSRF funded at MADS	DSRF funded at lesser of standard 3 prong test	DSRF funded at less than 3 prong test	No explicit DSRF	No explicit DSRF	1998 Reserve Fund Only	3	0.050
									(Aa2 = 1.83 to 2.17)	2.100

Source: Moody's Municipal Utility Debt Methodology, December 2014. Data from Series 2017A Moody's Report



S&P's Water & Sewer Utility Scorecard Calculation



Source: S&P U.S. Public Finance Waterworks; Sanitary Sewer, And Drainage Utility Systems: Methodology & Assumptions" January 19, 2016.



S&P's Rating Framework

- The weighted average of the two individual factors are rounded to the nearest whole number
- The interaction between the Enterprise Risk Profile and the Financial Risk Profile determines the initial indicative rating for the Utility issuer (see table below)
- S&P: “We have used our primary utility criteria to determine DC Water's general creditworthiness (issuer credit rating) and have applied this rating to the senior-lien issues. We are also maintaining a one-notch distinction between the senior and subordinate-lien issues. The one-notch difference in the ratings is based largely on the open status of each lien; the authority is likely to use both liens from time to time for its bonding needs.”

		Financial Risk Profile					
		Extremely Strong 1	Very Strong 2	Strong 3	Adequate 4	Vulnerable 5	Highly Vulnerable 6
Enterprise Risk Profile	Extremely Strong 1	AAA	AA+	AA-	A	BBB+ / BBB	BB+ / BB
	Very Strong 2	AA+	AA / AA-	A+	A-	BBB / BBB-	BB / BB-
	Strong 3	AA-	A+	A	BBB+ / BBB	BBB- / BB+	BB-
	Adequate 4	A	A / A-	A- / BBB+	BBB / BBB-	BB	B+
	Vulnerable 5	BBB+	BBB / BBB-	BBB- / BB+	BB	BB-	B
	Highly Vulnerable 6	BBB-	BB	BB-	B+	B	B-

Source: S&P U.S. Public Finance Waterworks; Sanitary Sewer, And Drainage Utility Systems: Methodology & Assumptions” January 19, 2016. S&P report dated January 19, 2017.



S&P Water & Sewer Utility Scorecard

Enterprise Risk Profile									
Description	Weight	1	2	3	4	5	6	Pos / Neg	SAWS
Enterprise Risk Profile		Extremely Strong	Very Strong	Strong	Adequate	Vulnerable	Highly Vulnerable	Notching Factors	Score
Economic Fundamentals	45%	Stronger than US rate of GDP growth and/or >100%/125% of US median household effective buying income	Same/weaker rate than US rate of GDP growth and/or >100%/125% of US median household effective buying income	Same as US rate of GDP growth and 75-100% of US median household effective buying income	Same or weaker rate of US GDP growth and 50-75% of US median household effective buying income	Weaker rate of US GDP growth and 35-75% of US median household effective buying income	Weaker rate of US GDP growth and <35% of US median household effective buying income	Economies of scale	(2 – 1) = 1
Industry Risk	20%	Very low competitive risk of "1" applied to most utilities, given monopolies with autonomy over rates	-	-	-	-	-	-	1
Market Position	25%	Utility bill less than 2.25% of Median Household Effective Buying Income and less than 10% of service population living in poverty	Utility bill less than 2.25-4.50% of Median Household Effective Buying Income and less than 20% of service population living in poverty	Utility bill 4.50%+ of Median Household Effective Buying Income and less than 30% of service population living in poverty	Utility bill 4.50%+ of Median Household Effective Buying Income and less than 30% of service population living in poverty	Utility bill more than 2.00% of Median Household Effective Buying Income and more than 20-30+% of service population living in poverty	Utility bill more than 2.00% of Median Household Effective Buying Income and more than 30% of service population living in poverty	-	1
Operational Management Assessment	10%	Strong management, including secure water supply and system capacity. Mgmt communicates long term needs and strategic goals. Multi year, preapproved rate actions.	Strong management, with water supply and system capacity sufficient for existing customer base. Public out reach and transparency on planning. Rate actions done year to year.	Good management, with water supply and system capacity sufficient for existing customer base. Public out reach and transparency on planning. Rate actions done year to year.	Adequate management, with water supply and system capacity needs in 10-20 years. Management depth and breadth limited. Rate actions driven by legal covenants.	Management capabilities limited, with water supply and system capacity not sufficient current. Management depth limited, with reliance on outside parties. Rate actions only driven by weak condition.	-	-	2
									1.10

Source: S&P U.S. Public Finance Waterworks; Sanitary Sewer, And Drainage Utility Systems: Methodology & Assumptions" January 19, 2016. Certain data from Series 2017A&B Rating Report. Indicative scores are PFM's interpretation of methodology; actual implementation may differ



S&P Water & Sewer Utility Scorecard (Cont'd)

Financial Risk Profile								
Description	Weight	1	2	3	4	5	6	SAWS
Financial Risk Profile		Extremely Strong	Very Strong	Strong	Adequate	Vulnerable	Highly Vulnerable	Score
All-in Annual Debt Service Coverage	40%	Greater than 1.60X	1.40X to < 1.60X	1.20X to < 1.40X	1.10X to < 1.20X	1.00X to < 1.10X	<1.00X	2
Liquidity and Reserves	40%	Greater than 150 days and more than \$75 million	90- 150 days and between \$20-\$75 million	60-90 days and between \$5-\$20 million	30-60 days and between \$1-\$5 million	15-30 days and \$1 million	<15 days and \$500,000	1
Debt and Liabilities	10%	Up to 20%	20% to 35%	35% to 50%	50% to 65%	65% to 80%	>80%	3
Financial Management Assessment	10%	Strong revenue and expense tracking and budget monitoring. Good long-term financial planning and assessment. Formal financial, investment and debt policies.	Revenue and expense tracking and budget monitoring but less robust. Good financial planning but limited in term. Formal financial, investment and debt policies, but may be lacking in certain areas.	Revenue and expense tracking done but with optimistic assumptions. Financial planning but limited updates. Some formal finance policies, but may be lacking in certain areas.	Revenue and expense projections exist, but with optimistic assumptions and limited testing. Financial planning done, but may not be realistic. Finance and investments driven by state requirements.	Revenue and expense projections ignore shortfalls, with no formal review. No long term financial planning done. Absence of formal or informal policies with use of riskier structures.	-	1
								1.20

Source: S&P U.S. Public Finance Waterworks; Sanitary Sewer, And Drainage Utility Systems: Methodology & Assumptions" January 19, 2016. Certain data from Series 2017A&B Rating Report. Indicative scores are PFM's interpretation of methodology; actual implementation may differ



Rating Agency Sector Outlooks



Moody's Water & Sewer Sector Outlook

- ◆ Anticipate **overall stability** in the sector
- ◆ Median debt service coverage levels across the sector approach 2.0x (in line with 2015), indicating sizable margins to absorb business risks
- ◆ Liquidity remains strong and Moody's expects the current upward trend of cash reserves to continue in the sector
- ◆ Debt issuance levels are trending upwards in a continued low interest rate environment, but Moody's expects systems to continue using rate-setting flexibility to ensure debt service coverage remains sound
- ◆ Remaining useful life of capital assets continues to decline, as the median utility system does not invest aggressively enough in infrastructure to offset depreciation
- ◆ Continued extreme weather events will present operating and capital challenges for utilities, but they are largely mitigated by availability of strong cash reserves and availability of state and federal funds



Fitch's Water & Sewer Sector Outlook

- ◆ **Stable outlook**, with the key factors in the sector's performance stability being essentiality of the services, monopolistic nature, and local rate-setting authority
- ◆ Planned ongoing moderate rate adjustments should maintain consistent results through 2017, although headwinds from stagnant sales and rising costs are evident
- ◆ Sector cash reserves should remain very strong through 2017 and continue providing utilities flexibility in meeting operating and capital pressures
- ◆ Fitch anticipates a modest increase in capital spending in 2017 and the years immediately following and will be necessary to address deferred maintenance and preserve service levels
- ◆ Growth in sector debt levels is projected to be modest for 2017 at 0-3% based on planned borrowings
- ◆ Regulatory environment is expected to remain uncertain in wake of election



Standard & Poor’s Water & Sewer Sector Outlook

- Anticipate **overall stability** with upgrades outpacing downgrades, and S&P believes that decisions on rates and charges will over the long term be the main determinant of whether the sector credit quality remains stable
- Although rates have increased at higher rates than inflation, typical issuer has capacity to implement rate increases
- **Willingness to raise rates** - which remain the sole source of operating revenues for nearly every utility - is an entirely different issue and one we will continue to monitor to determine if recent political push-back in places like California and Texas are exceptions or the beginning of a trend

S&P Credit Risks and Opportunities	
Risks	Opportunities
A long trend of steadily declining per capita consumption and the massive capital needs of the sector continue to pressure affordability	New non-local sources of funding, while still in their infancy and in our view modest, are now available
Slow or negative economic growth makes affordability concerns more pronounced	Likely no new, unanticipated capital expenditures this year due to federal environmental rulemaking
Water supply and water rights vary among states and watersheds and become more contentious during drought	Even with rising interest rates, the cost of capital is still historically low
Ongoing pension pressures from underfunded plans, coupled with post-employment benefits and low or below-expected rates of return on trust funds.	

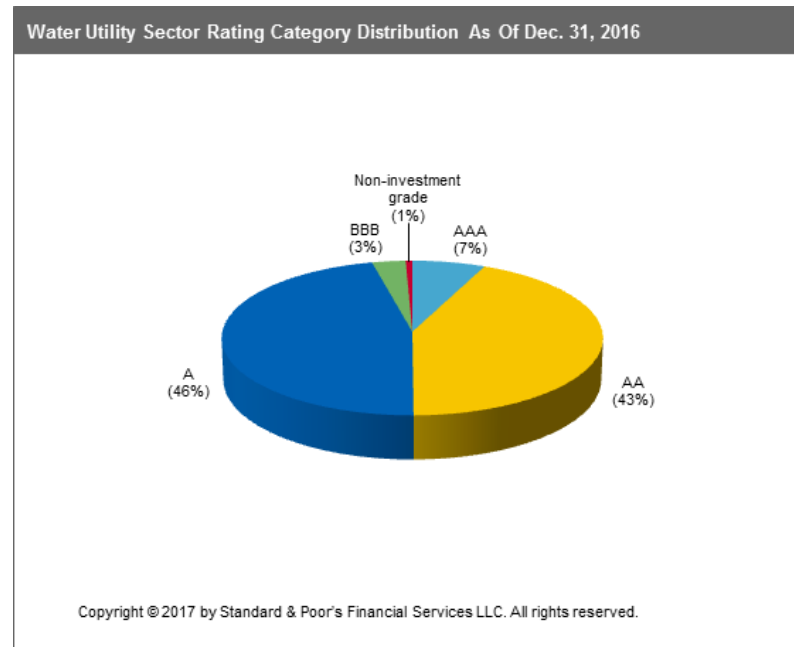


Standard & Poor's Water & Sewer Sector Outlook

- ◆ Municipal consumption will continue flat or declining trend regardless of economy
- ◆ Major new environmental regulations or rulemaking is not expected in 2017
- ◆ New options are emerging for providing funding and shrinking the infrastructure funding gap, but the burden will continue to fall on local ratepayers

S&P Rating Trends							
	2010	2011	2012	2013	2014	2015	2016
Ratings outstanding	1,178	1,270	1,406	1,509	1,568	1,638	1,650
% ratings that changed during the year	14.5	8.9	5.4	3.9	4.4	8.6	13.9
Upgrades to downgrades	10.4x	4.7x	3.2x	2.9x	2.0x	2.1x	1.9x
Positive outlooks	2	13	25	26	23	31	14
Non-stable outlooks	17	25	48	49	55	70	42

S&P Credit Trends and Impacts	
Trend/Credit Driver	Credit Impact
Environmental regulation	Neutral
Rates and capital improvements	Neutral to negative
Economic conditions and energy prices	Neutral to negative
Resiliency and risk management	Positive





**D.C. WATER AND SEWER AUTHORITY
BOARD OF DIRECTORS
FINANCE & BUDGET
JANUARY COMMITTEE MEETING**

**Tuesday, January 23, 2018
11:00 a.m.**

**Blue Plains Wastewater Treatment Plant
5000 Overlook Avenue, SW, DC
AGENDA**

Call to Order	Chairman
December 2017 Financial Report	Chief Financial Officer
Proposed FY 2019 Budget	Chief Financial Officer
Agenda for February Committee Meeting	Chairman
Adjournment	Chairman

*Detailed agenda can be found on DC Water’s website at www.dewater.com/about/board_agendas.cfm